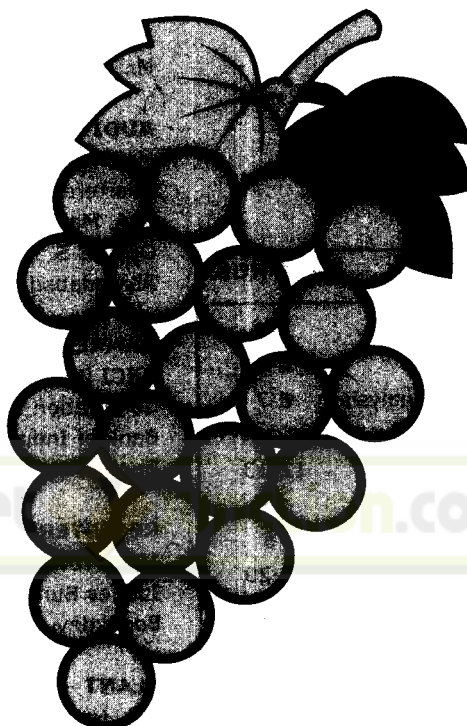


11th

Annual Report
2002-2003

FRESHROP FRUITS LIMITED

BOARD



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Freshrop

Freshrop Fruits Limited

**FRESHTROP FRUITS LIMITED****BOARD OF DIRECTORS**

Mr. Ashok V. Motiani *Chairman & Mg. Director*
 Mrs. Shalini Prasad *(ICICI Nominee)*
 Mrs. Nanita A. Motiani
 Mr. Ramchandra Joshi
 Mr. Mayur Shah

AUDITORS

M/S. Mayank Shah & Associates
 Chartered Accountants,
 706, Mahakant,
 Opp. V. S. Hospital, Ellisbridge,
 Ahmedabad - 380 006

BANKERS

ICICI Banking Corporation Ltd.
 Corporation Bank
 Bank of India
 Bank of Maharashtra

REGISTERED OFFICE

103, Pruthvi Apartments,
 Judges Bungalow road,
 Bodakdev, Ahmedabad - 380 015

PLANT - I

Gat. No. 171, Village Jaulke,
 Ta. : Dindori, Bombay Agra Road,
 Dist. : Nasik,
 Maharashtra

PLANT - II

Survey No. 1366, Savlej-Wayfale Road,
 Siddhewadi, Tasgon Taluka, Post Savlej,
 Sangli - 416 311, Maharashtra, INDIA

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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

NOTICE

NOTICE is hereby given that 11th Annual General Meeting of the Members of Freshrop Fruits Limited, will be held on Monday, 29th December, 2003 at 11.00 a.m. at Karnavati Club Limited, Sarkhej Gandhinagar Highway, Ahmedabad-15 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June 2003 and Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mrs. Nanita Motiani, who retires by rotation and being eligible, offers herself for reappointment.
3. To appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Ramchandra Joshi who was appointed as an Additional Director of the Company and who ceases to hold office under section 260 of the Companies Act, 1956 from the date of this meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Mr. Mayur Shah who was appointed as an Additional Director of the Company and who ceases to hold office under section 260 of the Companies Act, 1956 from the date of this meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

To Appoint Mr. Ashok Motiani as Managing Director of the Company

"RESOLVED THAT pursuant to Section 269 and other applicable provisions, if any of the Companies Act, 1956, read with and in accordance with the conditions specified in Schedule XIII of the said Act, the approval of

the Company be and is hereby accorded to the re-appointment of Mr. Ashok Motiani as a Managing Director of the Company with effect from 1st August, 2003 for a period of 3 years or till the Managing Director resigns from the office of Directorship, as set out in the draft agreement, entered between the Company and Mr. Ashok Motiani"

"FURTHER RESOLVED THAT in the event of any statutory amendment or modification under the Companies Act, 1956, Board of Directors be and are hereby authorized to vary, enlarge, increase and modify the remuneration including salary, commission, perquisites, allowances, etc. within such prescribed limit or ceiling and aforesaid draft agreement between the Company and Mr. Ashok Motiani, be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company in General meeting.

"FURTHER RESOLVED THAT Board of Directors be and are hereby authorized to take such steps as may be necessary to give effect to this Resolution."

Date: 31-10-2003

By order of the Board
For Freshrop Fruits Ltd.

Regd. Office:

103, Pruthvi Apartments,
Judges Bungalow Road,

Bodakdev,

Ahmedabad-15

Ashok Motiani

Chairman & Managing Director

Notes

- Explanatory Statement pursuant to 173(2) of the Companies Act, 1956 is annexed as a part of this Notice.
- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. Under the provisions of Companies Act, 1956, voting is by show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs. 50,000/-.
- The Proxies should be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
- The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 22nd December, 2003 to Monday, 29th December, 2003 (both days inclusive).

FRESHTROP FRUITS LIMITED

- Members are requested to note the following:
 - The Company has appointed M/s. Pinnacle Shares Registry Pvt. Ltd. as R&T agent for both Demat & Physical share transfer work, hence any documents for share transfer, transmission, transposition, change of bank account details, nomination and other communication regarding shareholding in the company should be addressed to R&T agent, as per following address.
 - M/s. Pinnacle Shares Registry Pvt. Ltd.
Unit : FreshTrop Fruits Limited
Near Asoka Mills, Naroda Road,
Ahmedabad 380 025. Gujarat
Ph. 079 - 220 0338 / 220 0582
Fax : 079 - 220 5963
e-mail : gautam.shah@psrpl.com
 - To quote folio no. / DP ID & CL. ID for any communication for their shareholding.
 - To bring the copy of Annual Report at the meeting.
- At the ensuing Annual General Meeting, Mrs. Nanita Motiani retire by rotation and being eligible; offers herself for re-appointment. The information or details pertaining to her to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchanges is furnished in the statement of Corporate Governance published elsewhere in this Annual Report. Same way, details of other Directors, who are appointed/ re-appointed are also given in Corporate Governance Report.
- The copies of relevant documents can be inspected at the Registered office of the Company on any working day between 11.00 a.m. to 5.00 p.m. up to the date of A.G.M.
- The Company's shares are listed at Ahmedabad and Mumbai Stock Exchanges. The Company has paid the listing fees to Ahmedabad and Mumbai Stock Exchanges for the financial year 2003-04, in time.

Explanatory Statement

[pursuant to Section 173(2) of the Companies Act, 1956]

ITEM NO. 4 & 5

Mr. Ramchandra Joshi and Mr. Mayur Shah were appointed as Additional Directors of the Company with effect from 12th July, 2003 pursuant to Articles of Association of the Company read with Section 260 of the Companies Act, 1956. Accordingly their term expire at the ensuing Annual General Meeting.

The Company has received notice from a member alongwith deposit of Rs.500/- for both the Directors, as required under Section 257 of the Companies Act, 1956 proposing their names as Directors of the Company.

Your Directors consider that the wide experience possessed by both of them will be in the interest of the Company. Hence your Directors recommend their appointment.

None of the Directors of the Company is concerned or interested in the Resolution, except Directors themselves.

Item No. 6

Mr. Ashok Motiani, Managing Director was appointed by the Company and his term expired on 31st July, 2003. The Board at its meeting held on 12th July, 2003 has decided to re-appoint him for a further period of 3 years, on the terms and conditions, as mentioned in the draft agreement, with effect from 1st August, 2003, subject to approval of the shareholders.

The appointment and terms of remuneration payable to Mr. Ashok Motiani as a Managing Director of the Company, as mentioned below, are within the permissible limits under schedule XIII of the Companies Act, 1956. The remuneration package will be as follows :

(a) Salary : Rs. 50000/- p.m.

(b) Commission : Not exceeding 1% of the net profits of the Company calculated and payable at the end of the financial year, up to the date of his retirement.

(c) Perquisites : In addition to salary, the following perquisites shall be allowed to the Managing Director.

CATEGORY - "A"**i) Housing :**

The Company shall provide furnished accommodation to the Managing Director. If the Managing Director is having his own accommodation, the Company shall pay house rent allowance at the rate of Rs. 10000/- per month, subject to a limit of 20 % of his salary.

The Company shall provide equipments and appliances, furniture, fixtures and furnishing at the residence of the Managing Director at the entire cost of the Company.

The Company shall reimburse the expenses of gas, electricity, water etc. The expenditure on these, valued in

- accordance with the Income-tax Rules, shall not exceed 10% of the salary.
- ii) **Medical Reimbursement :**
Reimbursement of medical expenses incurred including premium paid on health insurance policies whether in India or abroad, for self and family including hospitalization, surgical charges, nursing charges and domiciliary charges for self and for family.
 - iii) **Leave Travel Concession :**
The Company shall provide leave travel fare for the Managing Director and his family once in a year.
 - iv) **Personal Accident Insurance :**
The Company shall pay Personal Accident Insurance premium upto Rs.5000/- per annum.
 - v) **Club Fee :** The Company shall pay and / or Reimburse Fees and Expenses (excluding admission and Life membership fees) of clubs, subject to a maximum of two clubs.

CATEGORY - "B"

- i) The Company shall contribute towards Provident Fund/Superannuation Fund/ Annuity Fund provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the Income-tax Act.
- ii) The Company shall pay Gratuity at the rate not exceeding half month's salary for each completed year of service.
- iii) Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per rules of the Company.

The perquisite under this Category shall not be included in the computation of ceiling on remuneration.

CATEGORY - "C"

1. The Company shall provide a Car with Driver at the entire cost of the Company for use for the business of the Company. Use of Car for personal purposes shall be billed by the Company.
2. The Company shall provide telephone including mobile phone at the residence of the Managing Director at the entire cost of the Company. Personal long-

distance calls shall be billed by the Company.

3. The Managing Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however, be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meetings of the Board of Directors and/ or committees thereof.
4. The total remuneration as referred above is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company on the remuneration of the Managing Director and other Executive Directors of the Company taken together. Provided, however, that in the event of absence or inadequacy of profit, the Managing Director shall be entitled to remuneration mentioned under (a) above and perquisites as above within the minimum remuneration specified in Schedule XIII to the Companies Act, 1956.
5. In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by the Company.
6. The Managing Director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company.
7. "Family" means the spouse, dependent children and dependent parents of Managing Director.
8. Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be allowed.

All other powers, authorities and responsibilities of the Managing Director shall remain the same as per the earlier agreement.

The Board recommends the resolution for approval of Shareholders. Except Mr. Ashok Motiani, himself and Mrs. Nanita Motiani, relative of him, none of the other Directors are interested or concerned in this resolution.

Date: 31-10-2003

Regd. Office:
103, Pruthvi Apartments,
Judges Bungalow Road,
Bodakdev,
Ahmedabad-15

By order of the Board
For Freshrop Fruits Ltd.

Ashok Motiani
Chairman & Managing Director

DIRECTORS' REPORT

Dear Members,

The Managing Director presents the 11th Annual Report and the Audited Statement of Accounts of the Company for the year ended June 30, 2003.

FINANCIAL RESULTS :

The working results of the Company for the year ended 30th June, 2001 are as follows:

	2002-2003 (Rs.)	2001-2002 (Rs.)
Total Income	11,08,18,081	10,49,39,294
Gross Profit/ (Loss) before depreciation and tax.	1,77,61,133	1,77,34,142
Less : Depreciation	20,77,235	18,49,537
Net Profit/ (Loss) after depreciation	1,56,83,898	1,58,84,605
Less : Deferred Taxation	64,80,582	11,73,983
Less : Provision for Current Taxation	4,68,252	Nil
Profit after Taxation	87,35,064	1,70,58,588
Add/ (Less) : Balance of (Loss) of previous years	(1,63,57,969)	(3,47,86,469)
Prior Period Items	Nil	13,69,912
Amount transferred from General Reserve	82,13,243	Nil
Balance of Profit/ (Loss) carried to Balance Sheet	5,90,338	(1,63,57,969)

OPERATIONS :

This year is significant from a point of view that we have completely cleared the accumulated losses of the Company and can now look forward to a rewarding future.

The company continued to make profit despite a very major development of detection of pesticide residues, in Indian grapes, in excess of specified MRLs (Maximum Residue Levels) in the European Market. This means that all consignments from India for the coming season would undergo extensive testing.

All concerned agencies in India have taken this challenge very seriously. APEDA (Agricultural produce export development authority of India) has drawn out a residue monitoring plan according to which all growers intending to export grapes to Europe would have to register with the state horticulture Dept. Their farms would be regularly monitored for use of chemicals. These farmers have been given a list of chemicals prepared by NRC for grapes, being the only chemicals that can be used for cultivation of grapes by these growers. Laboratories in India have been assisted to equip themselves with the latest technology for testing of chemical residues and the exporters will have to get 100% of incoming grapes tested by any of the approved labs before harvest.

Besides all the above precautions, the Company has tied up with TNO Holland, one of the most reputed laboratories in the world and whose results are accepted by all our buyers for testing of the grapes of some of our large growers. The samples would be sent to Holland by air before the grapes are harvested by us.

Food safety has now become the single most important parameter in international trade of fresh produce. Quality control systems like EurepGAP and BRC are very vital for sustained growth of this business.

We are working towards getting the Company certified as PMO (Primary marketing Organization) with EurepGAP certifying agencies whereby some growers registered with us and fulfilling all EurepGAP requirements would form a group and their material would be exported by us as EurepGAP material. In this way we would be able to offer complete traceability to the certifying agencies and also to our customers. All this should help us take this business forward in the right direction.

DIVIDEND :

In view of accumulated losses incurred during the previous years, your Directors regrettably do not recommend any dividend.

DIRECTORS :

The Board of Directors in their meeting held on 12th July, 2003, have appointed Shri Ramchandra Joshi and Shri Mayur Shah as Additional Directors of the Company in terms of Article 114 (1) of the

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Articles of Association of the Company and as such they hold office till the conclusion of the 11th Annual General Meeting.

The Board is of the opinion that their business / professional experience will benefit the Company and hence, the Board recommends their appointment.

Mrs. Nanita Motiani, who retires by rotation as Director of the Company but being eligible offers herself for reappointment.

FIXED DEPOSIT :

The Company has not accepted any deposit under the provisions of Section 58-A of the Companies Act, 1956 as applicable.

FINANCE :

The working capital requirement and capital expenditure were funded by banks and through internal accruals.

PARTICULARS REGARDING EMPLOYEES :

There is no employee who is in receipt of remuneration exceeding the limit specified under Section 217 (2A) of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to Section 217 (2AA) of the Companies Act, 1956 your Directors confirm the following.

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
2. Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates, which 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 ended on 30-06-2003.
3. Your Director have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. Your Directors have prepared the attached statements of accounts for the year ended 30th June, 2003 on a going concern basis.

ENERGY CONSUMPTION :

Total energy consumption and energy consumption per unit of production are as under :

		2002-2003	2001-2002
1. Electricity			
a) Purchased			
Units	Kwh	137266	108580
Total amount	Rs.	933200	741920
Rate / Unit	Rs.	6.80	6.83
b) Own Generation			
(i) Through Diesel Generator			
Units			
Unit per ltr of Diesel Oil		NIL	NIL
Cost / Unit			
(ii) Through Steam Turbine Generator			
Units			
Diesel :			
Quantity	Ltrs	20905	9633
Total Amount	Rs.	550075	185521
Average rate	Rs.	26.31	19.26

TECHNOLOGY ABSORPTION AND ENERGY CONSERVATION :

The Company has a continuous focus on energy conservation. Regular studies are conducted to analyse quantitative energy conservation patterns and variances are rigorously scrutinized. The company regularly benchmarks its energy conservation levels and consistently works towards improving efficiencies, towards getting the cost of energy.

FOREIGN EXCHANGE EARNING AND OUTGO :

Foreign Exchange earning during the year amounts to Rs. 15,59,75,554/- (Pr. Yr. Rs.10,44,10,322/-) and Foreign Exchange outgoing during the year amounts to Rs.5,27,44,389/- (Pr.Yr. Rs.36,85,024/-)

CORPORATE GOVERNANCE :

The Company has adopted Corporate Governance practices and has complied with all the mandatory requirements as specified under clause 49 of the Listing Agreement by SEBI. As required under the listing agreement, a separate Report on Corporate Governance forms part of this Annual Report. The certificate from statutory Auditors of the Company regarding compliance of conditions of Corporate Governance is part of this report and is annexed.

The Board of Directors supports the basic principles of corporate governance. In addition to this, the board lays strong emphasis on transparency, accountability and integrity.

FORMATION OF VARIOUS COMMITTEES :

Details of various committees constituted by the Board of Directors are given in the Corporate Governance Report annexed and forms part of this report.

AUDITORS & AUDITORS REPORT :

M/s. Mayank Shah & Associates, Chartered Accountants, retire at the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if re-appointed.

Notes forming part of the accounts are self explanatory and therefore, do not require any further comments.

APPRECIATION :

The Board places on record the appreciation of the sincere and devoted services rendered by all the employees and the continued support and confidence of the customers. The Board also expresses its sincere thanks to The ICICI Banking Corporation Ltd., Agricultural and Processed Food Products Export Development Authority (APEDA) and all other well wishers for their timely support.

Date: 31-10-2003

Registered Office:

103, Pruthvi Apartments,

Judges Bungalow Road,

Bodakdev, Ahmedabad-380015.

By order of the Board
For FreshtrOp Fruits Ltd.

Ashok Motiani

Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS**1. Industry Structure and development :**

The business of exports of fresh produce from India to developed markets of Western Europe is still in a very nascent condition. There are three categories of exporters viz. Growers, Merchants and Co Operatives. In all these categories there have been some who have survived the initial turbulent period and some others who have had to quit. The export turnover of those who have survived so far is still very small as compared to that of exporters from other countries.

The maximum allowable levels of pesticide residues are being continuously reduced world over. Control over these residues is becoming the single most important requirement in International trade of fresh produce.

EUREP GAP has been introduced by EU as a quality control standard for pre harvest agricultural activities and the certification is now being insisted upon by all major European buyers.

2. Opportunities and Threats :**Opportunities**

India is the second largest producer of fruits and vegetables in the world and we have less than 1% share in the International trade of fresh produce.

We have a wide range of agro climatic conditions. We have diversified soil composition and climatic conditions with abundant sunlight. We have 180 million hectares of arable land as compared to 188 million hectares in the other whole of Asia including China.

We have 50% of the world's production of Mangoes and more than 1000 varieties making it possible for us to deliver anything that a consumer is looking for in mangoes.

We are geographically situated in the centre of the largest continent Asia making it possible for us to reach the Middle East or the Far East within a short time and at reasonable cost.

Agriculture has been declared by both the Central and the State Governments as a thrust area for developmental support and exports of agricultural produce has clearly demonstrated the difference it can make to the farmers. The average realization of the grape growers increased multifold despite higher production.

70% of the Indian population depends on agriculture for their livelihood, It would therefore remain as a priority sector for development support for quite some time to come.

Threats

Awareness among the consumers of the effects of pesticide residues and development of newer technologies for determining lower levels of chemical residues would result in increased pressure on the farmers for resorting to cultivation with minimal input of crop protection chemicals thereby impacting their productivity over short term.

Recurring drought and over dependence on the vagaries of nature still poses a risk for any agriculture related project.

2. Segment wise performance :

As such the company deals only in one segment - fruits, hence there is no specific differential information pertaining to this section

3. Recent Trends and Future Outlook :

While increasing awareness amongst consumers related to residue pesticides does pose a challenge, it presents an opportunity as well. The recent trend clearly demonstrates the willingness of the consumer to pay more for good quality and safe fresh produce and this is a very positive indicator for our industry.

With increased thrust of the Central and State governments towards development of agri-based infrastructure, we can expect a plethora of opportunities to present themselves given the as yet under utilized potential in this business within as well as outside India. The company is well prepared to make the most of the opportunities and faced with a bright outlook for the future.

4. Risks and Concerns :

Agriculture in India is still largely dependent on the vagaries of nature.

Over dependence on plant protection chemicals and tightening norms for pesticide residues is presenting a significant challenge for the Indian farmers.

Smaller land holding pattern in India is an obstacle for achieving high yield while reducing the cultivation expense.

While the Indian growers are getting exposed to newer techniques used abroad, the pace of reforms at that level needs to be improved in order to compete effectively in the international markets

5. Internal Control Systems and their Adequacy :

The company has adequate Internal control systems commensurate with its size and operations to ensure orderly and efficient conduct of business while safeguarding the assets, quality, safety, procurements, finance and accounts and reducing and detecting error.

The company also has appointed an external firm of Chartered Accountants to supplement the efficient Internal Audit.

6. Financial Performance with respect to Operational Performance :

The financial performance of the company is described in the Director's Report under the head "Financial Results" and "Review of Operations".

7. Material Development in Human Resources and Industrial Relations Front :

The company routinely undertakes employee development activities keeping in mind the professional requirements of the employees as well as the growth of the company.

The Industrial Relations were cordial throughout the year with no incidence of strike or lockouts.

8. Cautionary Statement :

Statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the company's operations include a level of industrial / infrastructure developments, significant changes in economic environment, government policies, tax laws and labor relations.