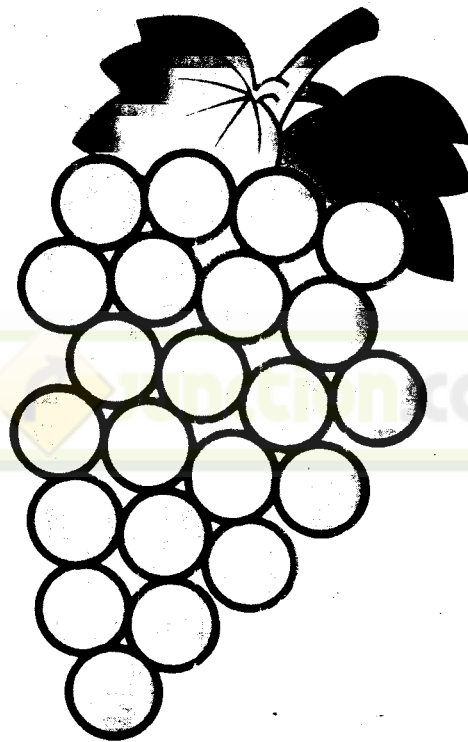


12th
Annual Report
2003-2004



Freshtr **op**
Freshtrop Fruits Limited



FRESHTROP FRUITS LIMITED

BOARD OF DIRECTORS

Mr. Ashok V. Motiani *Chairman & Mg. Director*
 Mrs. Shalini Prasad *(ICICI Nominee)-Resigned*
 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-422 207
 Maharashtra, India.

PLANT - II

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

CONTENTS	PAGE NOS.
Notice	1-2
Directors' Report	3-5
Management Discussion & Analysis	5-6
Corporate Governance Report	7-13
Auditors' Report	14-15
Balance Sheet	16
Profit and Loss Account	17
Schedules Forming part of Accounts	18-22
Notes on Accounts	23-26
Balance Sheet Abstract	27
Cash Flow Statement	28

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

ANNUAL REPORT 2003 - 2004

NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of the Members of Freshrop Fruits Limited, will be held on Monday, 20th September, 2004 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 31st March 2004 and Profit and Loss Account for the period ended on that date together with the Director's Report and Auditor's Report thereon.
2. To appoint a Director in place of Mr. Ramchandra Joshi, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT the Company do hereby accord its consent under Section 314(1B) of the Companies Act, 1956 to the appointment of Mr. Mayank Tandon, a relative of the Director of the Company as Executive under a contract of service with the Company in the scale of Rs.40,000/- per month together with the usual allowance and benefits, amenities and facilities, including staff superannuation fund, retiring, gratuity and provident fund benefits applicable to other employees occupying similar post or posts within same scale or grade.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to revise remuneration and terms of employment as may be agreed by the Board and Mr. Mayank Tandon."

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

"RESOLVED THAT the Company do hereby accord its consent under Section 314(1B) of the Companies Act, 1956 to the appointment of Ms. Priyanka Tandon, a relative of the Director of the Company as Executive under a contract of service with the Company in the scale of Rs.20,000/- per month together with the usual allowance and benefits amenities and facilities including staff superannuation fund, retiring, gratuity and provident fund benefits applicable to other employees occupying similar post or posts within same scale or grade.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to revise remuneration and terms of employment as may be agreed by the Board and Ms. Priyanka Tandon."

Date: 02-08-2004

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

NOTES

1. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed as a part of this Notice.
2. 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/-

FRESHTROP FRUITS LIMITED

3. The Proxies should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 6th September, 2004 to Saturday, 11th September, 2004 (both days inclusive).
5. 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.
6. 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 2004-05, in time.

EXPLANATORY STATEMENT

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

ITEM NO. 4

Mr. Mayank Tandon who has been selected by your Board of Directors to hold the position of General Manager of the Company is a relative of Mr. Ashok Motiani and Mrs. Nanita Motiani who are Directors on the Board of your Company. Sub Section (1B) of Section 314 of the Companies Act, 1956, provides that no relative of a Director should hold any office or place of profit in the Company which carries total monthly remuneration of less than Rs.50,000 except with consent of the Company by a Special Resolution.

Mr. Mayank Tandon is a qualified person having sound experience in the fresh produce business as well as Information Technology. He is also well versed with the quality and technical standards as applicable in the fresh produce business. Your Directors are confident that inclusion of Mr. Mayank Tandon in a senior cadre of your Company will benefit it significantly.

A draft agreement proposed to be entered into with Mr. Mayank Tandon has been kept for the inspection of the members during working days of the Company. Apart from salary as mentioned above, provision has been made in the said agreement for usual allowances.

None of the Directors except Mr. Ashok Motiani and Mrs. Nanita Motiani are interested in the aforesaid resolution and recommend your acceptance thereof in the interest of the Company.

ITEM NO. 5

Ms. Priyanka Tandon who has been selected by your Board of Directors to hold the position of Executive of the Company is a relative of Mr. Ashok Motiani and Mrs. Nanita Motiani who are Directors on the Board of your Company. Sub Section (1B) of Section 314 of the Companies Act, 1956, provides that no relative of a Director should hold any office or place of profit in the Company which carries total monthly remuneration of less than Rs.50,000 except with consent of the Company by a Special Resolution.

Ms. Priyanka Tandon is a qualified person with a proven track record demonstrating good administrative & HR skills along with quality consciousness. Her knowledge and experience in the area of EurepGAP which is becoming mandatory for the fresh produce suppliers to the European market is noteworthy. Her steadfast commitment to quality and sincerity of discharging responsibilities are an invaluable asset for your company. Your Directors are confident that inclusion of Ms. Priyanka Tandon as Operations Manager of your Company will benefit it significantly.

A draft agreement proposed to be entered into with Ms. Priyanka Tandon has been kept for the inspection of the members during working days of the Company. Apart from salary as mentioned above, provision has been made in the said agreement for usual allowances.

None of the Directors except Mr. Ashok Motiani and Mrs. Nanita Motiani are interested in the aforesaid resolution and recommend your acceptance thereof in the interest of the Company.

Date: 02-08-2004

Regd. Office:

103, Pruthvi Apartments,
Judges Bungalow Road,
Bodakdev,
Ahmedabad-15

By order of the Board
For Freshtrop Fruits Ltd.

Ashok Motiani
Chairman & Managing Director

ANNUAL REPORT 2003 - 2004**DIRECTORS' REPORT**

Dear Members,

The Managing Director presents the 12th Annual Report and the Audited Statement of Accounts of the Company for the period ended March 31, 2004.

FINANCIAL RESULTS:

The working results of the Company for the period ended 31st March, 2004 are as follows

	2003-2004 (Rs.) (9 months)	2002-2003 (Rs.) (12 months)
Total Income	4,34,04,827	15,72,01,052
Gross Profit/ (Loss) before depreciation and tax.	66,23,487	1,77,61,133
Less : Depreciation	24,85,630	20,77,235
Net Profit/ (Loss) after depreciation	41,37,857	1,56,83,898
Less : Deferred Taxation	44,40,509	64,80,582
Less : Provision for Current Taxation	9,88,790	4,68,252
Profit after Taxation	(12,91,442)	87,35,064
Add/ (Less) : Balance of (Loss) of previous years	5,90,338	(1,63,57,969)
Prior Period Items	31,718	Nil
Amount transferred from General Reserve	Nil	82,13,243
Balance of Profit/ (Loss) carried to Balance Sheet	(6,69,386)	5,90,338

OPERATIONS:

The year under report is a 9 month period starting from 1.7.2003 to 31.3.2004. We are in a seasonal business of exports of fresh fruits, with grapes being our main product. The season for exports of grapes is from February to April. The results of this grape business become known only in the month of May. This was the reason why the Company until last year maintained an accounting year end of 30th June for its audited accounts. But it is mandatory in our country to keep books of account for Income tax purpose with a year end on 31st of March each year. The board of Directors felt it was unnecessary for the Company to have Two Balance sheets every year and so it was decided to close this year in 9 months on 31.3.2004. This 9 month period does not include any exports of grapes and hence the working results shown above are not comparable with previous year.

During the year under report the Company significantly increased the Pomegranate export business. We started exports to Holland and the response was very good.

Food safety remains the single most important requirement of this business. In view of serious developments regarding detection of pesticide residues in Indian grapes during 2003 season we took extra precaution by getting 100% of our samples tested abroad at Laboratories of International repute. We are glad to inform you that we had no pesticide related problem during 2004 season.

Since last year the Company was working towards getting EurepGAP certificate as PMO (Primary Marketing Organization) The Audits of our growers and our post harvest facilities took place in the months of Jan-Feb 2004 and we were awarded EurepGAP Certificate on 8.4.2004. The Company continues to work towards expanding the grower base under its EurepGAP PMO Umbrella.

The Company is now working on providing 100% traceability and all relevant information regarding Food Safety to its buyers through the Internet. In this way we intend to consolidate the leading position of your Company in this trade.

The Company was able to achieve Net Sales of Rs. 428 Lacs as compared to Rs.1564 Lacs for the Previous Year. The Profit before Tax was Rs.41.37 Lacs for period under review as compared to Rs.156.83 Lacs for the Previous Year. However due to Provisions of Deferred Tax Liability, the company incurred a Loss of Rs.12.91 Lacs as compared to Profit of Rs.87.35 Lacs for the Previous Year.

DIVIDEND :

In view of sufficient surplus not generated until this year, your Directors do not recommend any dividend.

FRESHTROP FRUITS LIMITED**DIRECTORS :**

Mr. Ramchandra Joshi, who retires by rotation as Director of the Company but being eligible offers himself for reappointment.

Mrs. Shalini Prasad, ICICI Nominee Director has resigned from the Board w.e.f. 29-6-2004. The Directors appreciate the services and guidance rendered by her during her tenure on our Board.

FIXED DEPOSIT :

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

FINANCE :

The Company has repaid Term Loan taken from National Horticulture Board and ICICI Bank Ltd. The company had made one time settlement with the National Horticulture Board.

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 which are reasonable and prudent and applied them consistently. They have made judgments and estimates, so as to give a true and fair view of the state of affairs of the company for the financial period ended on 31st March, 2004.
3. Your Directors 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 period ended 31st March, 2004 on a going concern basis.

ENERGY CONSUMPTION :

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

			2003-2004	2002-2003
1. Electricity				
a) Purchased				
Units	Kwh		156154	137266
Total amount	Rs.		1114301	933200
Rate / Unit	Rs.		7.14	6.80
b) Own Generation				
(i) Through Diesel Generator				
Units				
Unit per ltr of Diesel Oil				
Cost / Unit				
(ii) Through Steam Turbine Generator				
Units				
Diesel :				
Quantity	Ltrs		6384	20905
Total Amount	Rs.		168092	550075
Average rate	Rs.		26.33	26.31

TECHNOLOGY ABSORPTION AND ENERGY CONSERVATION:

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

ANNUAL REPORT 2003 - 2004**FOREIGN EXCHANGE EARNING AND OUTGO:**

Foreign Exchange earning during the year amounts to Rs.4,25,55,771/- (Pr.Yr.Rs.15,59,75,554/-) and Foreign Exchange outgoing during the year amounted to Rs.1,91,35,309/- (Pr.Yr.Rs.5,27,44,389/-)

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 which is a 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 expresses special thanks to progressive farmers of Maharashtra who have worked hard to achieve International Standards in the quality of their produce. The Board also expresses its sincere thanks to the ICICI Bank, Agricultural and Processed Food Products Export Development Authority (APEDA) and all other well wishers for their timely support.

Date: 02-08-2004

Regd. Office:

103, Pruthvi Apartments,
Judges Bungalow Road,
Bodakdev,
Ahmedabad-15

By order of the Board
For Freshtrop Fruits Ltd.

Ashok Motiani
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report as required under the listing agreements with the stock exchanges is stated below. Certain statements in the 'Management Discussion and Analysis Report' section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

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.

FRESHTROP FRUITS LIMITED

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 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 State Governments as a thrust area for development 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.

3. SEGMENT WISE PERFORMANCE :

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

4. RECENT TRENDS AND FUTURE OUTLOOK :

While increasing awareness amongst the consumers related to pesticides residues 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.

5. RISKS AND CONCERN :

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.

Similar 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.

6. 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.

7. 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".

8. 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.

ANNUAL REPORT 2003 - 2004

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of Listing Agreement)

1. Company's Philosophy on Corporate Governance:

As a policy Freshtrop Fruits Limited (FFL) gives utmost importance to achieving high standards of Corporate Governance and is committed to achieve the highest level of Corporate Governance in order to enhance long-term shareholder value.

The company gives equal importance for maintaining as well as improving the quality of its products and to achieve this, the company carries out continuous product developments and stringent quality controls norm to have quality of the products known internationally.

The company gives utmost importance for developing a team of competitive professional managers. Overall, policy is set by the Board of Directors and implemented by a team of professional managers in their respective field. The company gives fair amount of freedom to the employees to get their best contribution to the company and rewards and incentives are given in recognition thereof.

2. Board of Directors:

Composition & size of the Board.

The present strength of the Board is four Directors, The Board of Directors of the Company comprises of optimum mix of both, Executive and Non-executive Directors with independent Directors. The Board members consist of persons with professional expertise and experience in various fields of Finance, Accounts, Management etc.

Classification of Directors	No. of Directors
Executive Directors	One-Promoter Director
Non-executive Directors	
- Independent Directors	Two-Non Promoter Directors
- Other	One- Promoter Director

In the judgement of the Board of Directors of the Company, following Directors are independent Non-executive Director:

- Mr. Ramchandra Joshi
- Mr. Mayur Shah

Number of Board Meeting held during the year along with the dates of Meeting.

Five Board Meetings were held during the year 2003-2004. The dates on which the said meetings were held are as follows:

- | | | |
|----------------------|----------------------|------------------------|
| 1) 30th April 2003 | 2) 12th July 2003 | 3) 30th September 2003 |
| 4) 31st October 2003 | 5) 31st January 2004 | |

Attendance of each Director at Board Meeting and the last Annual General Meeting (AGM) held on 29th December 2003 and the number of Companies and Committees where he/she is Director/ Member (As on the date of Director's Report) is as under.

Name of Director	Category of Directorship #	No. of Board Meeting Attended	Attendance at the last AGM	No. of specified Committees (Other than (FFL) in which chairman / Member	
				Chairman	Member
Mr. Ashok Motiani	Promoter & ED	5	Yes	None	None
Mrs. Nanita Motiani	Promoter & NED	5	Yes	None	None
Mrs. Shalini Prasad*	Independent & NED	1	No	None	None
Mr. Ramchandra Joshi	Independent & NED	4	Yes	None	None
Mr. Mayur Shah	Independent & NED	5	Yes	None	None
# N.E.D.- Non-executive Director, E.D.-Executive Director.					