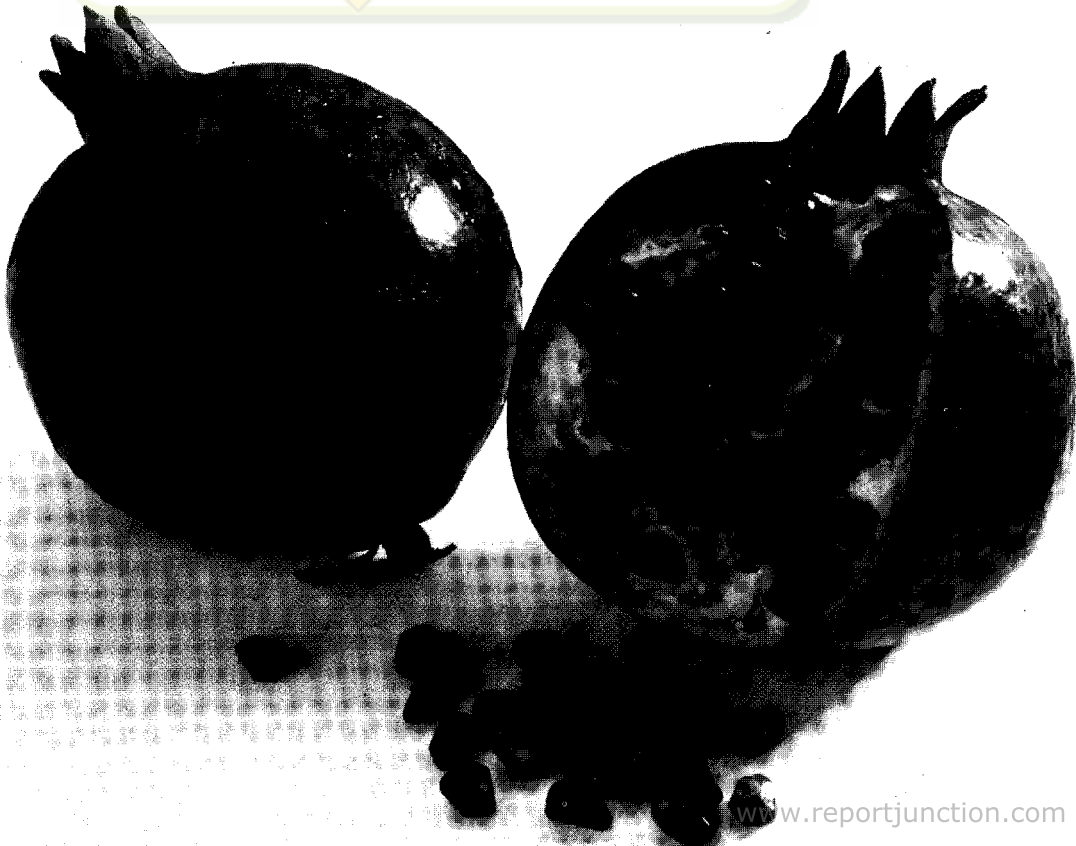


Freshdrop

FRESHTROP FRUITS LIMITED

ANNUAL REPORT 2004 - 2005

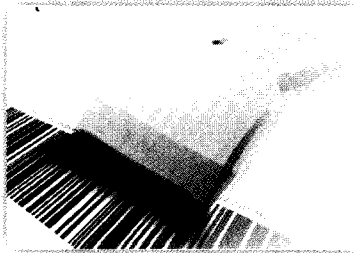
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FreshtrOp growers in South Africa interacting with local farmers

FreshtrOp is committed to the growth of its farmers. It organizes field excursions and interactions with experts around the world so that its growers are exposed to new techniques and technology which can help improve yield as well as their effective realization while adopting environment friendly practices. The picture is of one such trip FreshtrOp organized for its farmers to Grape growing areas in South Africa.



100% Traceability

FreshtrOp was the first and the only company in fresh produce exports from India and amongst the few in the world which use internet enabled supply chain management systems to track and trace its products right from the farm where it is grown to the retailer where it sells. This builds tremendous consumer confidence and gives our importers and retailer the competitive edge they need to operate profitably in a fiercely competitive environment in Europe



Packing in progress

Post harvest management is an equally important factor in ensuring that FreshtrOp is able to consistently supply good quality products which comply with some of the strictest norms of Food Safety in the world. Here you see our Nashik post-harvest handling facility which became one of the first to achieve the most coveted and globally recognized pack house certification - the BRC Certification.

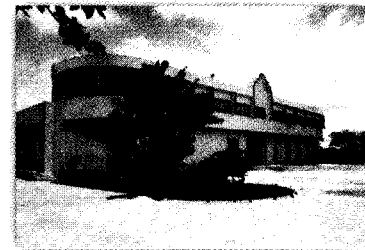
Growers' Meet

On regular intervals even during off-season FreshtrOp brings together its group of farmers to have informal discussions and interaction amongst themselves which helps communicate any immediate concerns or issues while serving as a platform to apprise them of any recent trends or regulations in the markets for which they produce. Issues such as responsible use of pesticides are typical topics for discussion during such meets.



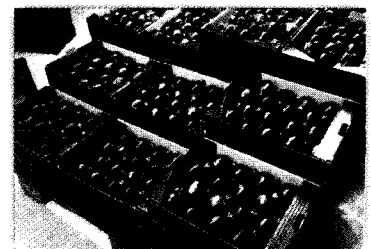
Nashik Post-Harvest Handling Facility

FreshtrOp's post-harvest infrastructure is now certified to global standards of hygiene and food safety. Even before we achieved these milestones in the form of third party certifications, our customers from Europe would routinely visit and audit our infrastructure to their exacting standards and we remained their favorite Indian supplier based on what they saw first hand.



Innovative Packaging

Change is a way of life at FreshtrOp. We are constantly looking for ways to improve our process and packaging to add value not only for our growers but also for our customers. Innovation in packaging helps us attract customers in developed markets who value good quality fresh product which is not only safe but also presented in an attractive way.





FRESHTROP FRUITS LIMITED

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**ANNUAL REPORT
2004 - 2005**

BOARD OF DIRECTORS

Mr. Ashok V. Motiani — *Chairman & Mg. Director*
Mrs. Nanita A. Motiani — *Executive Director*
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 Bank
Bank of India
Citi Bank
HSBC

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REGISTERED OFFICE

103, Pruthvi Appartments,
Judges Bungalow Road,
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

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 the 13th Annual General Meeting of the Members of Freshrop Fruits Limited, will be held on Tuesday, 27th September, 2005 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 2005 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 declare Dividend.
3. To appoint a Director in place of Mr. Mayur Shah, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Section 269, 309, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the appointment and terms of remuneration of Mrs. Nanita Motiani, Executive Director of the Company for the period from 1st April, 2005 to 31st March, 2010 upon the terms and conditions set out in the draft Agreement submitted to this meeting and for identification signed by a Director thereof, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Directors and Mrs. Nanita Motiani.

Date: 30-07-2005

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 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/-
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, 19th September, 2005 to Tuesday, 27th September, 2005 (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.

FRESHTROP FRUITS LIMITED

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. 5

The Board of Directors of the Company at its meeting held on 30th June, 2005 appointed Mrs. Nanita Motiani, as a Executive Director of the Company with effect from 1st April, 2005 to 31st March 2010, subject to the approval of the members in the Annual General Meeting. Mrs. Nanita Motiani has been on Board of Directors since long and looking after Administrative and HR functions of the Company. The Board decided to appoint her as Executive Director and pay Remuneration for her services from now onwards.

Part III of Schedule XIII of the Companies Act, 1956 provides that the appointment and remuneration of Executive Directors in accordance with Part I and Part II of the Schedule shall be subject to approval by Resolution of the Shareholders in a General Meeting.

Accordingly, the Resolution at item No. 5 is proposed for approval of the Members for appointment and Remuneration of Mrs. Nanita Motiani as Executive Director as contemplated by Part III of Schedule XIII of the Companies Act, 1956 and other applicable provision if any.

The Agreement entered into by the Company with Mrs. Nanita Motiani contains terms and conditions of her appointment including remuneration. The Board recommends approval of the appointment of Mrs. Nanita Motiani as Executive Director of the Company.

Mr. Ashok Motiani and Mrs. Nanita Motiani are interested in the proposed resolution.

The Agreement entered into with Mrs. Nanita Motiani will be open for inspection by Members at Registered office on all working days till upto the date of the Annual General Meeting.

The above should also be treated as an abstract of the terms of appointment of Mrs. Nanita Motiani as Executive Director of the Company under Section 302 of the Companies Act, 1956.

Date: 30-07-2005

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

DIRECTORS' REPORT

Dear Members,

The Directors are pleased to present the 13th Annual Report and the Audited Statement of Accounts of the Company for the period ended March 31, 2005.

FINANCIAL RESULTS:

The working results of the Company for the period ended 31st March, 2005 are as follows

	2004-2005 (12 months)	2003-2004 (Rs.) (9 months)
Total Income	23,37,95,633	4,34,04,827
Gross Profit/ (Loss) before depreciation and tax.	3,80,89,681	66,23,487
Less : Depreciation	27,57,102	24,85,630
Net Profit/ (Loss) after depreciation	3,53,32,579	41,37,857
Less : Deferred Taxation	24,08,838	44,40,509
Less : Provision for Current Taxation	21,15,918	9,88,790
Profit after Taxation	3,07,71,823	(12,91,442)
Add/ (Less) : Balance of (Loss) of previous years	(6,69,386)	5,90,338
Prior Period Items	12,81,811	31,718
Amount transferred from General Reserve	35,00,000	Nil
Proposed Dividend	56,53,125	Nil
Dividend Tax	7,92,851	Nil
Balance of Profit/ (Loss) carried to Balance Sheet	2,13,27,397	(6,69,386)

OPERATIONS :

The year under report is of great historic value to the shareholders and the Management of Freshrop. Sufficient surplus was generated, for your directors to recommend a maiden dividend of 12.5%.

The results above are not comparable because the 2003-04 results are for a 9 month period which does not include any sale of Grapes, the product which constitutes a very large part of our business.

Our business is seasonal in nature. More than 75% of the turnover of the company takes place in just two months of March and April. The products we deal in are highly perishable; they are also very vulnerable to vagaries of nature. Our goods are exported only on 'consignment basis' and there was no precedence of this kind of business in India for us to learn from. It was against all these odds that the management had to find a way of making this business a consistently profitable proposition. Quality of the products exported by Freshrop has made all the difference

The Pomegranate business during the year under report continued to grow. Exports were 678 mt. tons valued at Rs 8.76 million as compared to 505 mt. tons last year valued at Rs.4.29 million, an increase of 104.19%. This fruit has been accepted by the European consumers as a healthy fruit. We thus expect a good growth in exports of Pomegranates in the coming few years.

Exports of grapes this year were 1008 mt. tons slightly less than 1036 mt. tons last year but the amount realized was Rs. 144.3 million as compared to Rs.126.2 million last year. This was mainly due to increased packing in Punnets and getting a premium due to EurepGAP and BRC Certifications.

For 12 month period 1.4.03 to 31.3.04 the sales of your Company were Rs.172.12 million and the quantity exported was 1556mt. tons On comparing these results to those for 2004-05 you would see that the sales in quantity have increased by 9.19 % while in value terms they have increased by 35.21%. This resulted in profit before tax increasing from Rs 16.40 million to Rs 35.33 million an increase of 115.43 %.

Food safety continues to be the single most important concern in Fresh produce trade. Since 2003 season of exports of grapes APEDA has played a very important part in ensuring that Indian fresh produce exports do not fail on this count. They have very effectively driven home this point in the minds of all stakeholders and even legalized the control procedures.

Quality and Quality Certificates are an obsession with Freshrop. We were the first Indian company to get some of our growers certified as EurepGAP growers in 2003. This was followed by Freshrop getting EurepGAP PMO (Primary Marketing Organization) certificate in 2004 with 24 growers as its PMO members. In 2005 the number of growers increased to 60. Again in the year 2005 Freshrop got one of the world's most prestigious food certificates - the BRC certificate for its post harvest handling facilities at Nashik. EurepGAP is a quality standard for pre harvest processes in agricultural production, while BRC is a quality control standard for Post harvest handling of agricultural produce. Both these certificates together, have helped Freshrop in getting larger orders and better price realizations.

FRESHTROP FRUITS LIMITED

Prospects for the growth of exports of Agricultural produce from India newer looked so good, but this business is not without the usual risks attached to Agri business. Perishability of fresh produce and Over dependence on the vagaries of nature of our raw materials have compelled the management to take a cautious approach. One or two more seasons would help in gaining the required confidence and in creating sufficient financial surplus to undertake larger growth plans.

DIVIDEND :

Endurance, hard work and commitment of the team of workers, supported by an equally committed management has resulted into a condition where we have paid back all our term loans and generated sufficient surplus for your Board of Directors to recommend a maiden dividend of 12.5% or Rs.1.25 per share. which, if approved at the forthcoming Annual General Meeting, will be paid to those shareholders whose names appear either on the Register of Members of the Company, or, as beneficial owner as per particulars to be furnished by the Depositories, viz. National Securities Depository Limited and Central Depositories (India) Limited, at the close of business on 27th September, 2005. The dividend will be tax free in the hands of the shareholders but shall be subject to tax thereon payable by the Company.

DIRECTORS :

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

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 all term loans. Working Capital Finance is drawn only as Post shipment Credit on seasonal basis.

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 year ended on 31st March, 2005.
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 year ended 31st March, 2005 on a going concern basis.

ENERGY CONSUMPTION :

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

		2004-2005	2003-2004
1. Electricity			
a) Purchased			
Units	Kwh	229461	156154
Total amount	Rs.	1642461	1114301
Rate / Unit	Rs.	7.16	7.14
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	12219	6384
Total Amount	Rs.	386252	168092
Average rate	Rs.	31.61	26.33

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.

FOREIGN EXCHANGE EARNING AND OUTGO:

Foreign Exchange earning during the year amounts to Rs.23,27,51,279/- (Pr.Yr.Rs.4,25,55,771/-) and Foreign Exchange outgoing during the year amounts to Rs.7,18,34,243/- (Pr.Yr.Rs.1,91,35,309/-)

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: 30-07-2005

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

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.

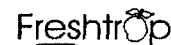
1. INDUSTRY STRUCTURE AND DEVELOPMENT :

The Agro-Industry Structure in India is now changing very fast. It is moving from small unorganized operators to large Indian and Multi National Corporates taking active interest in its Development. The present Government has realized that Real India works on its Farms and hence given this Industry the required priority and support.

The business of exports of fresh produce from India to developed markets of Western Europe is also experiencing the impact of Governmental Support. The exports in Quantity terms grew very significantly this year and are expected to maintain the growth rate in the coming few years.

**2. OPPORTUNITIES AND THREATS :
OPPORTUNITIES**

India is the second largest producer of fruits and vegetables in the world. It accounts for 14% of the world's produce of fruits and vegetables while its share in the world trade is less than 1%. If hygiene and food safety concerns are properly addressed our low cost production base can give us a tremendous competitive advantage.

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.

The monsoon season has always played a very important roll in Indian agriculture its unpredictability and varying intensity necessitates plant protection measures. Now with pesticide manufacturers undertaking aggressive selling of their chemicals and low literacy levels of Indian farmers many a times there is uncontrolled and excessive use of pesticides. On the other hand as new technologies develop for detecting very low levels of chemical residues the regulatory authorities keep reducing the MRLs. To manage growing produce which confirms to these stringent food safety requirements 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.

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 RESEPECT 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.