

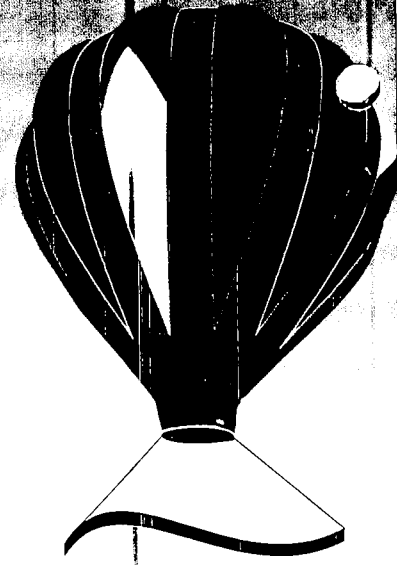


FRESHTROP FRUITS LIMITED



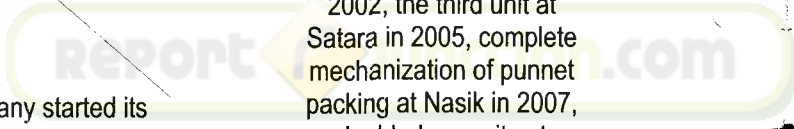
ANNUAL REPORT
2007-2008

Freshtröp



... and the growth story continues with setting up of an ultra modern fruit juice concentrate plant at Nasik.

... set up second packhouse at Sangli in 2002, the third unit at Satara in 2005, complete mechanization of punnet packing at Nasik in 2007, doubled capacity at Sangli in 2008.



The Company started its journey from Nasik in 1994 with a mission to be the leader in exports of high quality fresh fruits and vegetables. Today Freshrop is one of the largest exporters of Fresh Indian Grapes & Pomegranates to Europe.

TEAM WORK

STRINGENT QUALITY CONTROL MEASURES

100% TRACEABILITY THROUGHOUT THE SUPPLY CHAIN

CONSISTENT AND DEPENDABLE SUPPLIER OF FRESH PRODUCE TO VARIOUS SUPERMARKETS IN EUROPE



FRESHTROP FRUITS LIMITED

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ANNUAL REPORT 2007 - 2008

BOARD OF DIRECTORS

Mr. Ashok V. Motiani — *Chairman & Mg. Director*
Mrs. Nanita A. Motiani — *Executive Director*
Mr. Ramchandra Joshi - *Director*
Mr. Mayur Shah - *Director*

AUDITORS

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

COMPANY SECRETARY

Ms. Bharti M. Hingorani

BANKERS

AXIS Bank
ABN AMRO BSNK

REGISTERED OFFICE

A-603, Shapath IV,
Opp. Karnavati Club,
S.G. Road,
Ahmedabad - 380 051. Gujarat, INDIA.

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, Post Savlej, Taluka Tasgaon,
Dist. Sangli - 416 311, Maharashtra, INDIA

PLANT - III

Gat No. 2425, 2426, 2430 & 2431
Malharpet, Pandharpur Road,
Post. Kaledhone, Tal. Khatav, Dist. Satara,
Maharashtra, INDIA

PLANT - IV

Gat No. 598/1
Village Janori, Taluka Dindori
Dist Nasik (M.H.) 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 16h Annual General Meeting of the Members of Freshtrop Fruits Limited, will be held on Monday, 29th September, 2008 at 11.00 a.m. at Karnavati Club, S. G. Road, Ahmedabad-380 051 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 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 subject to the approval of Central Government u/s 314(1B) of the Companies Act, 1956, the consent of the company be and the same is hereby accorded to Mr. Mayank R. Tandon Son in Law of Mr. Ashok V. Motiani, Managing Director and Mrs. Nanita A. Motiani, Executive Director of the Company at a revised salary of Rs. 200,000 p.m. in the grade of Rs. 200,000-20,000-300,000-30,000-450,000/- w.e.f. 01.08.2008 for holding and to continue to hold an office or place of profit as CEO, Food Processing Project, in the Company and that he shall be further entitled to, as per the rules, extra increments, allowance, leave benefits, amenities and entitlements, including medical reimbursement which are applicable to other officers of the same category.

Date : 30.07.08
 Regd. Office :
 A-603, Sapath IV, Opp. Karnavati Club,
 S G Road, Ahmedabad – 380 051

By order of the Board
 For **Freshtrop Fruits Ltd.,**
Ashok Motiani
 Chairman & Managing Director

NOTES

1. 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.
 Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
2. The Proxies should be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 20th September, 2008 to 29th September, 2008 (both days inclusive).
4. Any query relating to Accounts must be sent to the Company's registered office at A-603, Sapath IV, Opp. Karnavati Club, S.G. Road, Ahmedabad – 380 051 at least 7 days before the date of the meeting.
5. Additional details in terms of Clause 49 of Listing Agreement in respect of Directors being re-appointed are given as under:

Date : 30.07.08
 Regd. Office :
 A-603, Sapath IV, Opp. Karnavati Club,
 S G Road, Ahmedabad – 380 051

By order of the Board
 For **Freshtrop Fruits Ltd.,**
Ashok Motiani
 Chairman & Managing Director

EXPLANATORY STATEMENT
[Pursuant to Section 173(2) of the Companies Act, 1956]

Item No. 4

Mr. Mayank R. Tandon who has been holding the office of the General Manager is a relative of Mr. Ashok V. Motiani and Mrs. Nanita A. Motiani who are Managing Director and Executive Director of your Company. Sub Section (1B) of section 314 of the Companies Act, 1956 provides that no relative of a Director should hold any place of profit in the company which carries total monthly remuneration of Rs. 50,000 or more in the Company, except with the consent of the Company by Special Resolution. Further, the Company is setting up a new fruit juice concentrate making plant at Nasik. Your Board of Directors are of the view that Mr. Tandon should be promoted as CEO Food processing unit that vests tremendous duties and responsibilities. The Board of Directors taking into consideration his experience, alternative salary structure for similar employment to other personnel and future work load of the Company decided to increase his remuneration as mentioned in the Resolution, subject to the approval of Central Government, as required by sub-section (1B) of section 314 of the Companies Act, 1956.

Mr. Mayank Tandon is a Computer Engineer and has been working with your Company for over five years. He brings with him over 10 years of IT experience. His association with your Company, involves, enhancing quality parameters of agriculture and certification processes which are critical to the operations of our business. He is personally responsible for getting Eurep GAP now Global GAP and BRC accreditation for your Company. He played a very important role in establishing 100% traceability of our supplies to European importers. His commitment to quality and sincerity of discharging responsibilities are an invaluable asset for your company. Your Directors are confident that Mr. Mayank Tandon will benefit the Company significantly.

The Board recommends the resolution for approval of Shareholders.

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

ANNUAL REPORT 2007 - 2008**DIRECTORS' REPORT**

Dear Members,

The Managing Director presents 16th Annual Report and the Audited Statement of Accounts of the Company for the period ended March 31, 2008.

FINANCIAL RESULTS:

The working results of the Company for the period ended 31st March, 2008 are as follows

	2007-2008(Rs.)	2006-2007(Rs.)
Total Income	42,30,78,426	47,94,68,994
Gross Profit before depreciation and tax	6,40,61,715	8,21,77,665
Less : Depreciation	74,90,960	59,51,265
Net Profit after depreciation	5,65,70,755	7,62,26,400
Less : Deferred Taxation	82,34,024	(5,52,722)
Less : Provision for Current Taxation	65,00,000	95,34,991
Less : Provision for FBT	2,10,000	1,40,000
Less : Wealth tax	23,439	3,311
Profit after Taxation	4,16,03,292	6,71,00,820
Add/(Less) : Balance of (Loss) of Previous Years	7,25,80,880	2,87,04,838
Prior Period Items	(1679)	34,593
Amount transferred to General Reserve	2,00,00,000	85,00,000
Proposed Dividend	—	1,25,56,250
Dividend Tax	—	21,33,935
Balance of Profit/(Loss) carried to Balance Sheet	11,41,85,851	7,25,80,880

OPERATIONS:

The year 2007-08 has been one of the most difficult years for your Company.

Chile, our main competitor country for exports of grapes to EU, had an exceptionally late season which overlapped with our season. This resulted in significantly reduced export realization. This was followed by rains in the middle of March in southern Maharashtra compelling us to close down two out of three of our post-harvest handling facilities reducing our exports from these areas by over 50%.

Despite reduced exports from some of best grape growing areas during 2008 season, the actual exports of fresh Indian grapes to EU increased by over 25%. There was a large export of poor quality grapes from the country which further brought down the selling price of Indian grapes.

Russia, one of the markets for Indian grapes had in the month of January banned all imports of agricultural produce from India.

The exchange rate of the Indian Rupee with the Euro and the Pound Sterling, during the first half of the year 2008 was very volatile. Though the rupee depreciated against the Euro, it was not possible to be able to book the exchange rate contracts at the most optimum price.

FRESHTROP FRUTTS LIMITED

The cumulative effect of all the above factors has significantly reduced profits.

Chilean grape exporters also had a very poor realization. It is not always possible for them to extend their season. It is also not in their best interest to push back their season to overlap with the Indian season as it not only results into increased supplies at a particular time of the year but also reduces the quality of their grapes.

Unseasonal rainfall on a continuous basis for over a week in southern Maharashtra is very rare. It has happened for the first time since we started our business in this area about 12 years back.

These are drought prone areas and we do not expect this situation to repeat in the near future. Canals are being built in these areas to improve availability of water. It is a well known fact that 'best grapes are grown in a desert where there is irrigation water available'.

Russia is expected to withdraw the ban very soon. All concerned government agencies are working hard to achieve the desired result.

The European currencies have strengthened considerably against most international currencies including the Indian Rupee and this should help us get good returns in the coming years.

Fresh pomegranate business is not growing at the expected rate as the difficulty of eating that fruit is overpowering its health benefits. Alternates like fresh "Pomegranate Arils in Punnets" and pomegranate juice are now available to customers that deliver the same health benefits to a large extent. Realizing these facts your company is in the advanced stage of setting up a Pomegranate juice concentrate and fresh Aril packing plant in Nasik. This is expected to start commercial production before the end of 2008.

We expect the experience of 2008 season to add a lot of value to your Company which should more than compensate reduced earnings of one season.

DIVIDEND:

In view of the commitment of the company towards establishment of Fruit Juice Concentration and Arils Plant at Unit IV , board is of the view to conserve the resources and not do recommend dividend.

DIRECTORS:

Shri Ramchandra Joshi, who retires by rotation as Director of the Company but being eligible offers himself for re-appointment.

SHARE CAPITAL

During the year under report the company has increased its paid up share capital by Rs. 5,02, 25,000 by issued Bonus Shares of in the ration of 1:1 in accordance with the provision of Listing Agreement and other applicable provision.

AUDIT COMMITTEE:

The Audit Committee consisting of Independent Directors Shri Ramchandra Joshi and Shri Mayur Shah and Executive Director Mrs. Nanita Motiani, satisfying the requirements of section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchange.

FIXED DEPOSIT:

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

FINANACE:

The company continues to avail working capital Finance from AXIS Bank for Rs. 86.50 millions as Post shipment credit.

ANNUAL REPORT 2007 - 2008**PARTICULARS REGARDING EMPLOYEES:**

Statutory statement of particulars of employees under section 217, sub-section (2A) of the Companies Act, 1956 read with the Companies [Particulars of Employees Rules] 1975, as amended as mentioned below and forms an integral part of this Report.

Name	Designation (Yrs)	Age	Qualification	Total Experience (Yrs)	Date of Joining	Last employment		Remuneration
1	2	3	4	5	6	7	8	9
Ashok Motiani	Managing Director	58	B. Tech (IIT, Mumbai)	33	30.09.1992	Nil	Nil	40,05,735

DIRECTORS RESPONSIBILITY STATEMENT:

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

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- 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, 2008.
- 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.
- Your Directors have prepared the attached statements of accounts for the year ended 31st March, 2008 on a going concern basis.

ENERGY CONSUMPTION:

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

		2007-2008	2006-2007
1. Electricity			
a) Purchased			
Units	Kwh	290230	257105
Total amount	Rs.	2317848	1969615
Rate / Unit	Rs.	7.98	7.66
b) Own Generation			
(i) Through Diesel Generator			
Units			
Diesel :			
Quantity	Ltrs	46208	51998
Total Amount	Rs.	1638573	1847211
Average rate	Rs.	35.46	35.52

FRESHTROP FRUITS LIMITED**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. 38,49,43,395 (Pr Yr. 45,20,22,472/-) and Foreign Exchange outgoing during the year amounts to Rs 9,92,08,640 (Pr. Yr. 11,12,81,488/-).

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. 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

As required by Clause 49 of the Listing Agreement with Stock Exchanges, a management discussion and analysis report is appended to the Annual Report.

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 AXIS Bank, ABN AMRO Bank and their officers, Agricultural and Processed Food Products Export Development Authority (APEDA) and all other well wishers for their timely support.

Date : 30-07-2008
 Regd. Office :
 A-603, Sapath IV, Opp. Karnavati Club,
 S.G. Road, Ahmedabad – 380 051

By order of the Board
 For **FreshTrop Fruits Ltd.,**
Ashok Motiani
 Chairman & Managing Director