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ANNUAL REPORT 2008-2009



FRESHTROP FRUITS LIMITED



Glimpses of the New Food Processing Facility

Freshtrop
FRESHTROP FRUITS LIMITED

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BOARD OF DIRECTORS

Mr. Ashok V. Motiani	<i>Chairman & Managing Director</i>
Mrs. Nanita A. Motiani	<i>Executive Director</i>
Mr. Ramchandra G. Joshi	<i>Director</i>
Mr. Mayur J. Shah	<i>Director</i>

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 Ltd.
ABN AMRO Bank B.V.

REGISTERED OFFICE

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

PLANT - I

Gat No. 171, Village Jaulke,
Bombay Agra Road,
Tal. : Dindori,
Dist. : Nasik-422 207
Maharashtra, INDIA.

PLANT - II

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

PLANT - III

Gat No. 2425/26/30/31
Malharpet-Pandharpur Road,
Tal. : Khatav,
Dist. : Satara - 415 312,
Maharashtra, INDIA.

PLANT - IV

Gat No. 598/1
Village Janori.
Tal. : Dindori,
Dist. : Nasik - 422 206,
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.

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NOTICE

NOTICE is hereby given that **17th** Annual General Meeting of the Members of Freshrop Fruits Limited, will be held on Tuesday, 29th September, 2009 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 2009 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. Mayur J. Shah, 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 a 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 Ms. Dipti A. Motiani daughter of Mr. Ashok V. Motiani, Managing Director and Mrs. Nanita A. Motiani, Executive Director of the Company for holding and to continue to hold an office or place of profit as Vice President, Operations and Technical, in 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. 01.02.2009 and she 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."

"RESOLVED FURTHER THAT this resolution shall be deemed to confer the necessary authority to the Board of Directors to sanction the increments within the grade as they may deem fit and proper to promote her to any higher remuneration at their discretion and in due course, together with the allowance and benefits as may be applicable to the grade or grades for the time being and to give increments within the grade or grades as they deem fit and proper."

Date : 29.06.09
Regd. Office :
A-603, Shapath IV,
Opp. Karnavati Club, S G Road,
Ahmedabad – 380 051

By order of the Board
For Freshrop 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 19th September, 2009 to 29th September, 2009 (both days inclusive).
4. Any query relating to Accounts must be sent to the Company's registered office at A-603, Shapath 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 : 29.06.09
Regd. Office :
A-603, Shapath IV,
Opp. Karnavati Club, S G Road,
Ahmedabad – 380 051

By order of the Board
For Freshrop Fruits Ltd.,

Ashok Motiani
Chairman & Managing Director

FRESHTROP FRUITS LIMITED**EXPLANATORY STATEMENT****[Pursuant to Section 173(2) of the Companies Act, 1956]****Item No. 4**

Ms. Dipti A. Motiani who has been holding the office of the Business Development Executive, is a daughter 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 has set up a new fruit juice concentrate making plant at Nasik. Your Board of Directors are of the view that Ms. Dipti A. Motiani should be promoted as Vice President, Operations & Technical, in the Company which vests tremendous duties and responsibilities. At present, she is actively involved, along with other top officials of the Company, in professionalizing the management of the Company and takes care of day to day activities at Food Processing Unit. The Board of Directors taking into consideration her experience, alternative salary structure for similar employment to other personnel and future work load of the Company decided to increase her 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.

Ms. Dipti A. Motiani is a Post Graduate in Electrical and Computer Engineering from Carnegie Mellon University, USA. She did her B.E in Computer Engineering from Nirma Institute of Technology, Gujarat, India. Before joining this Company since January, 2009, She worked as co-founder of a Fabbrix Inc. (US based Company) immediately after completing her Masters in 2005 and played major role in incorporation and running the business of the Fabbrix Inc. This start-up Company developed innovative technologies and registered certain patents. Fabbrix was then acquired by PDF solutions Inc. and she took up the charge as Sr. Engineer in PDF Solutions Inc., since 2007. She brings with her over 5 years of a very valuable experience in developing a new business enterprise. Her association with Freshtrop, involves, strengthening the top management team and more efficient handling of the operations at Food Processing Unit. Her commitment to quality, strive for excellence and sincerity of discharging responsibilities are an invaluable asset for your Company. Your Directors are confident that Ms. Dipti A. Motiani 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.

Date : 29.06.09
 Regd. Office :
 A-603, Shapath IV,
 Opp. Karnavati Club, S G Road,
 Ahmedabad – 380 051

By order of the Board
 For Freshtrop Fruits Ltd.,

Ashok Motiani
Chairman & Managing Director

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DIRECTORS' REPORT

Dear Members,

The Managing Director presents 17th Annual Report and the Audited Statement of Accounts of the Company for the period ended 31st March, 2009.

FINANCIAL RESULTS:

The working results of the Company for the period ended 31st March, 2009 are as follows :

	2008-2009(Rs.)	2007-2008(Rs.)
Total Income	392,619,911	423,078,426
Gross Profit before depreciation and tax	15,223,468	64,061,616
Less : Depreciation	8,834,250	7,490,960
Net Profit after depreciation	6,389,218	56,570,755
Less : Deferred Taxation	1,524,590	8,234,024
Less : Provision for Current Taxation	554,054	6,500,000
Less : Provision for FBT	210,000	210,000
Less : Wealth tax	10,000	23,439
Profit after Taxation	4,090,574	41,603,292
Add/(Less) : Balance of (Loss) of Previous Years	94,185,852	72,580,880
Prior Period Items	80,820	(1,679)
Amount transferred to General Reserve		20,000,000
Balance of Profit/(Loss) carried to Balance Sheet	98,195,606	94,185,851

OPERATIONS:**FRESH FRUITS SEGMENT :**

The year 2008-09 continues to reflect the results of a difficult 2008 season.

The total income reduced from Rs.423.08 millions to Rs. 392.62 millions. The profit after tax showed a much larger fall from 41.60 millions to just 4.09 millions. The results are a cumulative effect of the following very rare occurrences, all happening at the same time.

1. Late season in Chile overlapping with Indian season. This has never happened since we started our business in 1994.
2. Unseasonal rains in Southern Maharashtra starting with light showers on the 15th of March and heavy rains from 19th March continuously for over a week. This resulted in significantly reduced packing in two out of three of our packing stations. This also was the first time since we started this business.
3. Russia banned imports of Indian fresh produce because of some political considerations. This ban has now been lifted. This too has not happened since we started exports to Russia.

Our history shows that after every poor season we have had a better than normal subsequent season. True to our past experience our 2009 season has been good. The results are reflected in our performance of Q 1 of 2009-10.

To reduce our over dependence on seasonal business of exports of fresh produce, we aggressively took up the implementation of our expansion plan of food processing business.

As a part of a plan to further diversify the business activity, we have entered into an MOU with Government of Gujarat for establishing an integrated Cold Chain Infrastructure project in the State of Gujarat, during the Vibrant Gujarat Global Investor Summit, 2009.

FRESHTROP FRUITS LIMITED

During the year under review your Company won Corp Excel 2008 - National mSME Excellence Award, instituted by Corporation Bank.

FOOD PROCESSING SEGMENT:

During the year 2008-09, the Company set up Food Processing and Fresh Pomegranate Aril extraction plant at Nasik with production capacity to process about 100MTons of fruit per day. The Company has invested over Rs.275 millions as on 31st March, 2009 on this project.

The commercial production at this plant started on 28th April 2009 and we have processed Mangoes, Guavas and Pomegranates in the 1st Quarter of 2009-10. The facility is now fully operative.

In this new processing unit, Company is planning to produce the following:

- 1) Mango Pulp (Totapuri, Alphonso and Kesar)
- 2) White Guava Pulp
- 3) Pomegranate Juice Concentrate both clear and cloudy
- 4) Pomegranate Arils

Further, the management is thinking of exploring new products to be processed in this unit.

The GOI has been very supportive to our Industry. Ministry of Food Processing has approved a grant-in-aid of Rs. 10 Crore (Rs. Ten Crore only) as financial assistance to our Company for setting up of integrated infrastructure of Farm to Consumer linkage including collection centre, Mobile pre-cooler, pre-cooling units, value addition and preservation infrastructure at various location in Maharashtra and Gujarat.

DIVIDEND:

In view of the commitment of the Company towards running of the Food Processing and Fresh Pomegranate Aril extraction plant established in Nasik, the Board of Directors are of the view to conserve the resources and do not recommend dividend for this year.

DIRECTORS:

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

AUDIT COMMITTEE:

The Audit Committee consisting of Independent Directors Mr. Ramchandra G. Joshi and Mr. Mayur J. Shah and Executive Director Mrs. Nanita A. Motiani, satisfy 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.

FINANCE:

The Company continues to avail working capital Finance of Rs. 86.50 millions from Axis Bank for the core activity of the Company.

During the year the Company established Food Processing unit at Nasik and incurred a cost of Rs. 275 millions until 31st March 2009. The Company has incurred a debt (including Buyer's Credit) of Rs. 137.41 millions from ABN Amro Bank and Rs.33.03 millions from Axis Bank for this purpose. The Company has also been sanctioned a working capital loan of Rs 30 millions to meet the day to day requirements of the processing unit.

There has been a cost overrun of Rs.29.1 millions in establishing the food processing unit. This was mainly due to a steep increase in the price of steel and cement during the construction period of the main building and due to a delay of about 3 months in starting commercial production.

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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	Age (Yrs)	Qualification	Total Experience (Yrs)	Date of Joining	Last employment	Remuneration
1	2	3	4	5	6	7	8
Ashok V. Motiani	Chairman & Managing Director	59	B. Tech (IIT, Mumbai)	34	30.09.1992	Nil	44,99,944
Mayank R. Tandon	COO, Food Processing Unit	38	B.Tech (MIT, Manipal)	10	01.11.2002	Director, Agrofoyer Solutions Private Limited	5,76,000*

Note: *The Company received approval of the Ministry of Corporate Affairs, Government of India, on 3rd June, 2009 for increasing the remuneration of Mr. Mayank R. Tandon not exceeding Rs. 2,25,000/- per month w.e.f. 29.09.2008.

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, 2009.
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, 2009 on a going concern basis.

ENERGY CONSUMPTION:

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

		2008-2009	2007-2008
1. Electricity			
a) Purchased			
Units	Kwh	296710	290230
Total amount	Rs.	1725648	2317848
Rate / Unit	Rs.	5.82	7.98
b) Own Generation through Diesel Generator Set			
Units			
Diesel			
Quantity	Ltrs	21997	46208
Total Amount	Rs.	748344	1638573
Average rate	Rs.	34.02	35.46

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. 375,395,387/- (Pr Yr. Rs. 384,943,395/-) and Foreign Exchange outgoing during the year amounts to Rs. 92,335,419/- (Pr. Yr. Rs. 99,208,640/-)

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, retires 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 Axis Bank, ABN Amro Bank and their officers, Agricultural and Processed Food Products Export Development Authority (APEDA), Ministry of Food Processing (MFPI) and all other well wishers, for their timely support.

Date : 29.06.09
Regd. Office :
A-603, Shapath IV,
Opp. Karnavati Club, S G Road,
Ahmedabad – 380 051

By order of the Board
For Freshtrop Fruits Ltd.,

Ashok Motiani
Chairman & Managing Director