



ANNUAL REPORT 2009-2010



FRESHTROP FRUITS LIMITED

Using state-of-the-art
equipment and
technology, Freshtrop
has added a tomato
processing line in
Nasik, the largest
tomato producing belt
in 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.

**ANNUAL REPORT
2009 - 2010**

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>Non-Executive/Independent Director</i>
Mr. Mayur J. Shah	<i>Non-Executive/Independent Director</i>

AUDITORS

M/S. Mayank Shah & Associates
Chartered Accountants,
706/708A, Mahakant, Opp. V. S. Hospital,
Ellisbridge, Ahmedabad - 380 006.

COMPANY SECRETARY

Ms. Bharti M. Hingorani

BANKERS

Axis Bank Limited
The Royal Bank of Scotland N.V.
(Formerly know as ABN Amro Bank B.V.)

REGISTERED OFFICE

A-603, Shapath IV,
Opp. Karnavati Club,
S.G. Road, Ahmedabad - 380 015.

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.

NOTICE

NOTICE is hereby given that **18th** Annual General Meeting of the Members of Freshrop Fruits Limited, will be held on Monday, 27th September, 2010 at 11.00 a.m. at Karnavati Club, S.G. Road, Ahmedabad-380 015 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 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 G 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 a Special Resolution:

"RESOLVED THAT pursuant to Section 269, 309, 310, 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Mrs. Nanita A Motiani as an Executive Director under a contract of service with the Company for further period of five years with effect from 1st April, 2010 on consolidated salary of ₹ 1,25,000/- per month and further entitlement to staff super-annuation fund, retirement gratuity and provident fund benefits applicable to other employees occupying similar post or position within same salary scale or grade, which contract of service is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or contract of service in such manner as may be agreed to between the Board of Directors and Mrs. Nanita A Motiani."

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

"RESOLVED THAT subject to the Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, R.S.Sharma & Associates, Ahmedabad, the Practicing Company Secretary, be and they hereby appointed as a Secretarial Auditors to carry out the Secretarial Audit in terms of the aforesaid guidelines on remuneration as may be fixed by the Managing Director in consultation with Secretarial Auditors."

Date : 18-08-2010
Regd. Office :
A-603, Shapath IV,
Opp. Karnavati Club, S G Road,
Ahmedabad – 380 015

By order of the Board
For Freshrop Fruits Ltd.,

Ashok V. 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 HIM/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

THE PROXIES SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

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. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business at Item No. 4 & 5 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, 17th September, 2010 to Monday, 27th September, 2010 (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 – 380 015 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 in the Corporate Governance Report.

Date : 18-08-2010
Regd. Office :
A-603, Shapath IV,
Opp. Karnavati Club, S G Road,
Ahmedabad – 380 015

By order of the Board
For Freshrop Fruits Ltd.,

Ashok V. Motiani
Chairman & Managing Director

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

Item No. 4

The Board of Directors of the Company at its meeting held on 29th January, 2010 re-appointed Mrs. Nanita A. Motiani, as an Executive Director of the Company for further period of five years with effect from 1st April, 2010 subject to the approval of the Members in the Annual General Meeting. Mrs. Nanita A. Motiani has been on Board of Directors since long and looking after administrative and HR functions of the Company.

Part III of Schedule XIII of the Companies Act, 1956 provides that the appointment and remuneration of an Executive Director 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.4 is proposed for approval of the Members for re-appointment and remuneration of Mrs. Nanita A. Motiani as Executive Director as contemplated by Part III of Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any.

Copy of the draft agreement to be entered between the Company and Mrs. Nanita A. Motiani for re-appointment as an Executive Director of the Company is available for inspection at the Registered office of the Company on any working day during usual business hours up to Annual General Meeting.

This may be treated as the abstract and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

None of the Directors except Mr. Ashok V. Motiani and Mrs. Nanita A. Motiani are interested in the aforesaid resolution.

Item 5.

The Ministry of Corporate Affairs has released Corporate Governance Voluntary Guideline 2009 on December 21, 2009 which provide for adoption of Secretarial Audit voluntarily by the Companies.

As a good Corporate Governance practice the Company has adopted the provisions of Secretarial Audit as mentioned in the Corporate Governance Voluntary Guidelines 2009 and proposes to appoint M/s R.S.Sharma & Associates, Ahmedabad, the Practicing Company Secretary, as the Secretarial Auditor for conducting Secretarial Audit and report for the year 2010-2011 subject to the necessary approval of the shareholders.

Date : 18-08-2010
Regd. Office :
A-603, Shapath IV,
Opp. Karnavati Club, S G Road,
Ahmedabad – 380 015

By order of the Board
For Freshrop Fruits Ltd.,

Ashok V. Motiani
Chairman & Managing Director

DIRECTORS' REPORT

Dear Members,

The Board of Directors presents 18th Annual Report and the Audited Statement of Accounts of the Company for the period ended 31st March, 2010.

FINANCIAL RESULTS:

The working results of the Company for the period ended 31st March, 2010 are as follows

	2009-2010(₹)	2008-2009(₹)
Total Income	518,101,007	392,619,911
Gross Profit before depreciation and Taxation	52,407,321	15,223,468
Less : Depreciation	21,158,726	8,834,250
Net Profit before Taxation	31,248,595	6,389,218
Less : Provision for Current Taxation	5,309,000	554,054
Less : Deferred Taxation	9,536,549	1,524,590
Less : Provision for FBT	—	210,000
Less : Wealth tax	—	10,000
Less : MAT Credit entitlement	(5,309,000)	—
Profit after Taxation	21,712,046	4,090,574
Add : MAT Credit Entitlement of previous year	2,402,485	—
Less : Prior Period & Extra Ordinary Items	738,818	80,820
Profit after Taxation and Prior Period & Extra Ordinary Items	23,375,713	4,009,754
Add/(Less) : Balance of (Loss) of Previous Years	98,195,606	94,185,852
Balance of Profit/(Loss) carried to Balance Sheet	121,571,319	98,195,606

OPERATIONS:**FRESH FRUITS SEGMENT :**

The year 2009-10 has shown appreciably improved results.

The year 2009-10 marks its significance as the Company crossed its turnover of ₹ 50.00 Crore first time in its history. This has been possible with the addition of the food processing plant during the year under review.

The total income from this segment increased from ₹ 392.62 million to ₹ 465.73 million, while the profit after tax recovered from just ₹ 4.09 million to ₹ 21.71 million.

The season started early. Coloured varieties were in good demand in the earlier part of the season and this is expected to continue in the future.

There was a massive earth quake in Chile very close to the grape growing area which disrupted supplies from Chile. The earth quake had a major impact on power distribution and road and sea transportation. This had a positive impact on demand for Indian grapes. This euphoria was short lived as it was followed by detection of a harmless agro chemical Chlormequat chloride in Indian grapes in early April. This agro chemical is a growth regulator, very low in toxicity and is required for growing grapes in temperate climates like in India and Australia.

The EFSA (European Food Safety Authority) opined that the grapes with the presence of this chemical up to a maximum level of 1.06mg/kg were absolutely safe for human consumption but the EU MRL (Maximum Residue Level) allowed for this chemical was just 0.05mg/kg.

The Indian grape industry received full cooperation from the European trade and their associations but some Super Markets decided not to market Indian grapes and this had a terrible impact on the selling price of Indian grapes. The result is seen in the first quarter results of the Company for the year 2010-11.

The Company has initiated the process of setting up infrastructure for collection, grading and sorting of fresh fruits and vegetables produced in the western parts of India for distribution in the domestic market.

Imports of fresh produce to create round the year availability of certain fruits in the domestic market is another activity being seriously pursued by the Company.

FOOD PROCESSING SEGMENT:

The Company started commercial production at the food processing plant on 28th April 2009. This is a very significant development from the point of view of future earnings of the Company. During the year under review total income from this segment stood at ₹ 52.37 million.

The capital investment until March 2010 in this plant is ₹ 333.38 millions. The Company will continue to invest in balancing machinery and equipments to enhance production capacity and diversity of the products that can be manufactured at this plant.

In the first year of operations the concentration was on getting all the required certifications for exports to developed markets such as USA and European Union. The Company now holds the following quality certificates.

1. ISO 22000:2005
2. SGF International E.V.
3. Halal Certificate
4. Kosher Certificate
5. BRC certificate for Nasik (Unit I) Pack house and Sangli (Unit II) Pack house.
6. FDA, USA to supply products in US Market.
7. APEDA Recognition for Nasik (Unit I), Sangli (Unit II) and Satara (Unit III) Pack houses
8. GlobalGAP Certificate

The second step was to establish the quality parameters of all the products being manufactured at the plant. The Company was also able to achieve this during the year under report.

The availability of the raw material at the right price is critical to the profitability of the food processing business. Proximity of the raw material plays a very important part in identifying the food products that could be processed. Tomato is available in abundance in and around Nasik. The Company set up a small 5 metric ton per hour Tomato Paste manufacturing plant during this year. Only trial production was possible as the season ended before the plant could be commissioned. We see a very good scope in this product.

The demand for good quality, hygienically processed food is ever increasing. Nasik is the largest vegetable producing area in the western part of India and is just 200 kms away from Mumbai. It is centrally located for distribution to other parts of Maharashtra, Gujarat and Madhya Pradesh. We will continue to identify and diversify the food products being processed and manufactured at this plant.

The Company has received ₹ 75 Million (Seven Five Million Only) during the year 2009-10 from Ministry of Food Processing Industry out of total grant-in-aid of ₹ 100 million (₹ Hundred Million Only) approved as financial assistance 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 Plant established at Nasik, the Board of Directors are of the view to conserve the resources and do not recommend dividend for this year.

DIRECTORS:

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

Your directors also propose to re-appoint Mrs. Nanita A Motiani as an Executive Director for further period 5 year with effect from 1st April, 2010.

AUDIT COMMITTEE:

The Audit Committee consisting of Independent Directors Mr. Ramchandra G. Joshi, 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.

INSURANCE:

The assets of the Company are adequately insured against the loss of fire and other risks which considered necessary by the management.

FIXED DEPOSIT:

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

CERTIFICATION:

During the year under review, the Company has been through the following certifications to the Highest International Standard of Food Safety and Hygiene:

1. **ISO 22000:2005** - This certifies the presence of highest food safety management system covering all organisation in the food chain from " farm to fork".
2. **SGF International E.V.** - This certifies participation of the Company in Voluntary Control System for safeguarding the perfect quality of its products and enhancing customer and consumer safety.
3. **Halal Certificate** - This certificate is a recognition that the products are permissible in Islamic Law and we acquired this certificate to export our products in Islamic Countries.
4. **Kosher Certificate** - This certificate helps in increasing the saleability of the product in the international supermarkets. There is a clear evidence that a kosher symbol boosts market share, that a kosher product can win more favorable shelf space, and that positioned next to a competing non-kosher brand. Kosher is an therefore an important investment our Company makes in order to increase market reach and share.
5. **BRC certificate** for Nasik (Unit I) Pack house and Sangli (Unit II) Pack house.
6. **FDA, USA** to supply products in US Market.
7. **APEDA Recognition** for Nasik (Unit I), Sangli (Unit II) and Satara (Unit III) Pack houses.
8. **GlobalGAP** Certificate

SHARE CAPITAL AND LISTING:

In accordance with the Shareholders Approval in the Extra Ordinary General Meeting of the Company held on 15th May, 2009, the Company had, in its meeting of Board of Directors held on 10th July, 2009, issued and allotted 10,00,000 warrants on preferential basis, convertible into equity shares of ₹ 10/- each at a price of ₹ 19.40 (Face Value ₹ 10/- and Premium ₹ 9.40) to the following allottees , in accordance with the provisions of SEBI(ICDR)Regulations, 2009 and an amount of ₹ 48,50,000/- constituting 25% i.e. 4.85 of the total amount payable was received from them:

Sr no	Name of Allottees	No of Warrants
1	Freshcap Investments Private Limited (Formerly known as Capital Packaging Private Limited)	500,000
2	Ashok V. Motiani	125,000
3	Nanita A. Motiani	125,000
4	Dipti A. Motiani	250,000
	Total	1,000,000

During the financial year 2009-10 ,Out of 10, 00,000 warrants the allottees have exercised their right to convert 5,00,000 warrants into equity share of ₹ 10/- each fully paid up at a premium of ₹9.40/- per share on 29th January, 2010 and sum of ₹ 72,75,000 was received on account of balance amount on the said warrants. As per the terms of preferential issue, the object was to utilize the fund towards working capital requirement and to part finance

FRESHTROP FRUITS LIMITED

capital expenditure for Company's new Food Processing Plant at the Nasik and the accumulated fund has been utilized towards day to day working capital requirement of the Company. There are no monies lying unutilised out of the proceeds of the preferential issue as on the Balance Sheet date.

Subsequent to the preferential issue of shares, the Company's paid-up share capital increased from ₹1004.50 Lacs to ₹ 1054.50 Lacs and its securities premium account increased to ₹ 97.00 Lacs from ₹ 50.00 Lacs.

The balance 5,00,00 Warrants are convertible into equity shares at the agreed price of ₹ 19.40/- per share on or before the expiry of 18 (eighteen) months from the date of allotment i.e. on or before 9th January, 2011.

The Equity Shares of your Company have been listed on Bombay Stock Exchange Limited (BSE). The Listing fee for the year 2010-11 has already been paid to BSE. The custodial fees payable to depositories namely NSDL & CDSL has also been remitted by the Company.

FINANCE:

The Company continues to avail Working Capital Finance of ₹ 865.00 Lacs from Axis Bank Limited for the Fresh and Food Processing activities of the Company. The Company has also been sanctioned a Fresh Term Loan of ₹ 300.00 Lacs by Axis Bank Limited for adding Tomato Processing machinery at Food Processing Plant, Nasik.

During the year under review the Company continued to avail cash credit facility from The Royal Bank of Scotland N.V. (formerly known as ABN Amro Bank B.V.) for Food Processing Plant, Nasik.

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 (in ₹)
1	2	3	4	5	6	7	8
Ashok V. Motiani	Managing Director	61	B. Tech (IIT, Mumbai)	35	30.09.1992	Nil	4,524,830
Mayank R. Tandon	Sr. V.P., Sales & Marketing	39	B.Tech (MIT, Manipal)	11	01.11.2002	Director, Agrofoyer Solutions Private Limited	1,992,500
Mrs. Priyanka M. Tandon	V.P., Commercial	32	Bachelor of Commerce, Pune University	10	01.04.2000	Nil	1,320,000
Ms. Dipti A. Motiani	V.P., Operations	28	B.E., CE, Nirma University, M.S. in Electrical & Computer Engineering from CMU, USA	7	27.01.2009	PDF Solutions Inc., USA	949,060

Note: *The Company received approval of the Ministry of Corporate Affairs, Government of India, on 28th April, 2010 for increasing the remuneration of Ms. Dipti A Motiani of ₹ 15,00,000/- per annum with effect from 29.09.2009.