



FRESHTROP FRUITS LIMITED

19th Annual Report 2010-2011





Freshtrop Grapes

- at a fruit vendor close to you!

Domestic Distribution

“ The quality that customers in Europe have come to relish and depend upon for over 15 years is now available at a fruit vendor close to you. Freshtrop has now started delivering hygienically packed table grapes to the domestic market.



Freshtrop branded grapes are available in several cities in Northern as well as Western India through both organized as well as un-organized retail outlets. We intend to extend the distribution channels and cities during the upcoming grape season to other regions of India as well. ”



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Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of Notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holding with the Depository through their concerned Depository Participants.

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
2010 - 2011**

BOARD OF DIRECTORS

Mr. Ashok V. Motiani	<i>Chairman & Managing Director</i>
Mrs. Nanita A. Motiani	<i>Executive Director</i>
Mr. Ramchandra 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

Mr. Jignesh J. Gandhi

BANKERS

Axis Bank Limited
The Royal Bank of Scotland N.V.
(Formerly known 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, Savleji-Wayfale Road,
Post Siddhewadi,
Tal. :Tasgaon, Dist.:Sangli-416311,
Maharashtra, INDIA.

PLANT - III

Gat No. 2425/26/30/31
Malharpet-Pandharpur Road,
Tal. :Khatav,
Dist.:Satara-415312,
Maharashtra, INDIA.

PLANT - IV

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

NOTICE

NOTICE is hereby given that 19th Annual General Meeting of the Members of Freshrop Fruits Limited, will be held on Tuesday, 27th September, 2011 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 2011 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 pursuant to the provisions of Sections 269, 198 read with Schedule XIII, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof and subject to approval of the Central Government if any, approval of the Members of the Company be and is hereby accorded to the re-appointment of Mr. Ashok Motiani as the Managing Director of the Company for the further period of five Years with effect from 01st August, 2011, upon the terms and conditions including remuneration as set out in the draft agreement to be entered into between the Company and Shri Ashok Motiani, terms of which are mentioned in the Explanatory Statement annexed hereto,
RESOLVED FURTHER THAT the 'Board' (which term shall be deemed to include the Remuneration Committee of the Board of Directors) be and is hereby authorised to alter and vary the terms and conditions of the said re-appointment and/or agreement from time to time subject to necessary approvals if any, as the Board may consider appropriate and as agreed between the Board and Mr. Ashok Motiani.
"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above resolution."
5. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to approval of the remuneration committee and the Board of Directors of the Company, provision of Section 314 (1-B) of the Companies Act, 1956 read with Director's Relative (Office or Place of Profit) Rules, 2011, consent of the member of the Company be and is hereby accorded to the revision in remuneration, perquisites and other allowances payable to Ms. Dipti Motiani, Vice President (Process food business), daughter of Mr. Ashok V Motiani, Managing Director and Mrs. Nanita A Motiani, Executive Director of the company, w.e.f. 1st August, 2011 as given in the explanatory statement annexed herewith.
RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and/or Remuneration Committee constituted be and are hereby authorised to take all action and do all such deeds, matters and things, as may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.

Date: 12.08.2011
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 HIMSELF / HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
THE INSTRUMENT APPOINTING PROXIES SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER 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 Saturday, 17th September, 2011 to Tuesday, 27th September, 2011 (both days inclusive).
4. In terms of the provisions of Section 205A of the Companies Act, 1956, the amount of dividend not encashed or claimed within 7 (seven) years from the date of its transfer to the unpaid dividend account, is required to be

transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Dates given in the table below:

Financial Year	Date of Declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
2004-05	27.09.2005	02.11.2012	02.12.2012
2005-06	29.09.2006	04.11.2013	04.12.2013
2006-07	28.10.2007	03.12.2014	02.01.2015

Members who have so far not encashed the Dividend Warrants for the above years are advised to submit their claim to the Company's Registrar and Transfer Agents at their address immediately, quoting their folio number/ DP ID and Client ID. In terms of the provisions of Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the IEPF after the said transfer.

5. 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 10 days before the date of the meeting.
6. 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: 12.08.2011
 Regd. Office :
 A-603, Shapath IV,
 Opp. Karnavati Club, S G Road,
 Ahmedabad - 380 015

By order of the Board
 For Freshtrop Fruits Ltd.,

Ashok V Motiani
 Chairman & Managing Director

EXPLANATORY STATEMENT

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

Item No. 4

The Members of the Company had vide resolution passed at the 14th AGM held on September 29, 2006 approved the re-appointment of Mr. Ashok V Motiani as the Managing Director of the Company for a period of 5 (five) years, with effect from August, 1, 2006.

Further, the Member of the Company had vide resolution passed at the 15th AGM held on September, 28, 2007 approved payment of remuneration of Mr. Ashok V Motiani on the revised terms and condition for the remaining tenure with effect from 1st July, 2007 and Central Government had approved vide its letter dated 21st February, 2008, the payment of increased total remuneration of ₹ 46,61,923/- (Forty Six lacs sixty one thousand nine hundred and twenty three only) per annum.

Subject to the approval of the Members at the ensuing AGM and Central Government, the Board of Directors of the Company at its meeting held on May, 14, 2011, unanimously approved the re-appointment on revised remuneration of Mr. Ashok Motiani as the Managing Director of the Company for a period of 5 (five) years, with effect from August, 1, 2011.

The main terms and condition of re-appointment of Mr. Ashok V Motiani as the Managing Director of the Company more particularly set out in the draft agreement placed before the Meeting are as follows:

- (i) The re-appointment of Mr. Ashok V Motiani as the Managing Director of the Company shall be for a period of 5 (five) years, with effect from August, 1, 2011.
- (ii) Salary payable to Mr. Ashok V Motiani shall be in the scale of ₹ 5,00,000 - 50,000 - 7,50,000 per month.
- (iii) Perquisites include rent free furnished accommodation, reimbursement of gas, electricity, water charges and medical expenses for self and family members, furnishings, payment of premium on personal accident and health insurance, club fees and such other perquisites as may be approved by the Board or remuneration Committee of Directors, from time to time.
- (iv) Other benefits and allowances to include use of car with driver, telephones for the Company's business (expenses whereof would be borne and paid by the Company), house maintenance allowance, leave travel allowance, contributions to provident fund, superannuation fund and all other benefits as are applicable to directors and/ or senior employees of the Company including but not limited to gratuity, leave entitlement, encashment of leave as per the rules of the Company and as approved by the Board or remuneration Committee of Directors, from time to time.

The valuation of perquisites will be as per the Income-tax Rules, 1962, in cases where the same is otherwise not possible to be valued. Brief profile of Mr. Ashok V Motiani in terms of Clause 49 IV (G) (i) of the Listing Agreements relating to Corporate Governance is provided after the Notice.

The Board recommends passing of the resolution as set out at Item No. 4 of the Notice, for the approval of the Members. This may be treated as an abstract of the terms and conditions governing the re-appointment and payment of remuneration of Mr. Ashok V Motiani pursuant to Section 302 of the Companies Act, 1956.

Mr. Ashok V Motiani and Mrs. Nanita A Motiani, Executive Director are interested in the resolution at Item No. 4 of the Notice. None of the other directors of the Company is in any way, concerned or interested in the said resolution.

Item No. 5

At the 17th Annual General Meeting held on 29th September, 2009, the shareholder had approved the appointment of Ms. Dipti Motiani as Vice President, Operations and Technical w.e.f 01.02.2009 and further Central Government had approved a total remuneration of ₹ 15,00,000/- (Fifteen Lacs Only) per annum with effect from 29.09.2009 to 26.01.2014. The Remuneration Committee has considered that after the appointment of Ms. Dipti Motiani, Vice President, Operations and Technical, she is handling all the activities of Marketing and procurement, which has increased the job and responsibility of Ms. Dipti Motiani. The Board of Directors considers the aforesaid revision in remuneration as fair, reasonable and commensurate with the onerous duties and responsibilities shouldered and in line with her performance. The Remuneration Committee is therefore revising the remuneration of Ms. Dipti Motiani, with effect from 1st August, 2011, as under:

REMUNERATION:

Particulars	₹ - p.a	₹ p.m.
Basic Salary	14,04,000	1,17,000
House Rent Allowances	4,21,200	35,100
Education Allowances	2,400	200
Medical Allowance	15,000	1,250
Special Allowances	2,10,600	17,550
Transport Allowance	2,10,600	17,550
Uniform Allowance	12,000	1,000
Total	22,75,800	1,89,650

Employer's PF Contribution: Maximum 12% of the Salary.

With the powers to the Board of Directors to revise the same from time to time subject to the overall limit of ₹ 2,50,000/- p.m.

The Board of Directors accordingly recommends the resolution set out at Item No. 5 of the accompanying Notices for the approval of the Members.

As the gross monthly remuneration proposed to be paid to Ms. Dipti Motiani is ₹ 1,89,650/-, approval of shareholders by way of a special resolution is required as per the provisions of Section 314 (1) (b) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2011, as amended. As the gross monthly remuneration proposed to be paid to Ms. Dipti Motiani is not exceeding ₹ 2,50,000/- p.m., the approval of the Central Government is not required to be obtained.

Mr. Ashok V Motiani, Managing Director and Mrs. Nanita A Motiani, Executive Director are deemed to be interested in the said resolution. None of the other Directors of the Company is, in any way concerned or interested in the said resolution.

Date: 12.08.2011

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

Information on directors seeking appointment/re-appointment at the forthcoming annual general meeting (pursuant to clause 49 of the listing agreement) as on the date of notice

Name of the Directors	Mr. Ashok Motiani	Mr. Mayur Shah
Date of Birth	04.12.1949	03.09.1959
Qualifications	B. Tech (IIT, Mumbai)	Bachelor of Commerce and having vast experience in the field of Public relation, legal and administration
Shareholding in Freshrop Fruits Limited	736,768	5,600
Directorship held in other public limited companies in India	Nil	Nil
Membership / Chairmanship of committees in public limited companies in India	Nil	Nil

DIRECTORS' REPORT

Dear Members,

The Board of Directors presents 19th Annual Report and the Audited Statement of Accounts of the Company for the period ended 31st March, 2011.

FINANCIAL RESULTS:

The working results of the Company for the period ended 31st March, 2011 are as follows

Amount in ₹

Particulars	2010-11	2009-10
Total Income	563,032,944	518,101,007
Gross Profit before Depreciation and Taxation	24,175,837	52,407,321
Less : Depreciation	22,792,573	21,158,726
Net Profit before Taxation	1,383,264	31,248,595
Less : Provision for Current Taxation	269,000	5,309,000
Deferred Taxation	731,085	9,536,549
MAT Credit Entitlement	(269,000)	(5,309,000)
Profit after taxation	652,179	21,712,046
Add : MAT Credit Entitlement of Previous Year	(644,029)	2,402,485
Less : Prior period & Extra ordinary items	(459,593)	738,818
Profit after taxation and Prior Period & Extra Ordinary Items	467,743	23,375,713
Add/Less: Balance of (Loss) of Previous Years	121,571,319	98,195,606
Balance of Profit/(Loss) carried to Balance Sheet	122,039,062	121,571,319

OPERATIONS:

FRESH FRUITS SEGMENT:

The year under report shows largely the result of the worst ever season for exports of fresh Indian grapes to Europe.

Detection of a harmless but still banned chemical CCC resulted in the German Supermarkets deciding not to sell Indian grapes in their market for both the 2010 and 2011 seasons. Despite this your company was able to avoid loss in the full financial year of 2010-11.

The total income during the year increased from ₹518.10 million to ₹563.03 million, while the profit after tax was just ₹0.47 million the worst in the last 5 years.

While the industry saw mostly serious and committed exporters in the fray this year, the overall exports to EU reduced drastically from about 3700 containers in 2010 to only around 1900 containers in 2011 season. With the scare of previous year still in their minds, German retailers did not buy Indian grapes this year. Your company however, witnessed a moderate drop of less than 15% in quantities exported to Europe, thereby consolidating its position from 7.5% to over 12.5% share of the Indian exports to EU.

During the 2011 season your company worked towards finding new markets, the results are encouraging and we would work hard in developing these markets in the coming years.

This year the Company used its infrastructure for collection, grading and sorting of fresh fruits and vegetables subsidised by Ministry of Food processing for distribution of fresh grapes in the domestic market. Here too the results are very encouraging and we feel there is a great untapped potential in this market.

Imports of fresh produce to create round the year availability of certain fruits in the domestic market was also undertaken but there is too much unorganized rush in this market similar to what was seen in exports in the earlier years and we feel it will take some time for this business to mature. We will keep working in developing this segment but will not like to be aggressive.

FOOD PROCESSING SEGMENT:

The Revenue generated from this segment, during the year under report, increased from ₹ 49.08 million to ₹ 104.02 million and the operating loss reduced from ₹ 23.65 million to ₹ 11.23 million. The Company processed 5,846 M Tons of fruit in this year as compared to 2,516 M Tons in the previous year.

The Infrastructure created for food processing was offered to other processed food traders and manufacturers for processing fresh fruits supplied by them. With a good availability of fresh fruits and vegetables in and around Nasik we expect many more fruit processors to use our state-of-the art facilities in the coming years.

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.

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

Your directors also propose to re-appointment of **Mr. Ashok V Motiani** as Managing Director for further period 5 year with effect from 1st August, 2011.

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 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 salability of the product in the international supermarkets. There is 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**

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 in financial year 2009-10:

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.

During the year under review, the warrant holders of balance 5,00,000 warrants have exercised their right to convert warrants into equity shares and accordingly 5,00,000 equity shares of ₹10/- each have been issued and allotted on 13th November, 2010 at an issue price i.e. ₹ 19.40 (Face Value ₹ 10/- and Premium ₹9.40) and sum of ₹ 72,75,000 was received on account of balance amount on the said warrants.

Subsequent to the preferential issue of shares, the Company's paid-up share capital increased from ₹ 1004.50 Lacs to ₹ 1054.50 and further to 1104.50 Lacs and its securities premium account increased to ₹ 144.00 Lacs from ₹ 97.00 Lacs.

As per the terms of preferential issue, the object was to utilize the fund towards working capital requirement and to part finance 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 unutilized out of the proceeds of the preferential issue as on the Balance Sheet date.

FINANCE:

During the year under review, the Company has revised its Working Capital Facilities of ₹ 1500.00 Lacs for the peak season and ₹ 900.00 Lacs for off season from Axis Bank Limited for the Fresh Fruits and Food Processing activities of the Company. During the year under review, Axis Bank Limited has also taken over a cash credit facility from The Royal Bank of Scotland N.V. (formerly known as ABN Amro Bank B.V.) and has also been sanctioned a Fresh short term loan of ₹ 200.00 Lacs for working capital requirement of the Company.

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 ₹)
Ashok V Motiani	Managing Director	62	B. Tech (IIT, Mumbai)	36	30.09.1992	Nil	4,493,088
Nanita A Motiani	Whole Time Director	58	M. Sc (Rural Community Extension)	15	29.01.1997	Nil	1,500,000
Mayank R Tandon	Sr. V.P., Sales & Marketing	40	B. Tech (MIT, Manipal)	12	01.11.2002	Nil	2,275,800
Mrs. Priyanka M Tandon	V.P., Commercial	33	Bachelor of Commerce, Pune University	11	01.04.2000	Nil	1,476,600
Ms. Dipti A Motiani	V.P., operation	29	B.E. CE, Nirma University, M.S. in Electrical & Computer Engineering from CMU, USA	8	27.01.2009	PDF Solutions Inc., USA	1,370,040