

39th
Annual Report
2005 - 2006



BANGALORE FORT FARMS LIMITED

REGD. OFFICE : 172, KAVI LAKSHMEESHA ROAD
VISHVESWARAPURAM, BANGALORE-560 004



BANGALORE FORT FARMS LIMITED

**Regd Office : 172, Kavi Lakshmeesha Road,
Vishveswarapuram, BANGALORE - 560 004.**

Board of Directors :

Sri K. G. SUBBARAMA SETTY, Chairman
Sri K. S. AKHILESH BABU, Managing Director
Sri P. S. NANDA KUMAR, Director
Sri J. MADHAVA SHARMA, Director
Sri B. S. N. MALLYA, Director
Dr. K. SUBBA REDDY, Director

Auditors :

M/s. R. CHANDRASHEKAR & ASSOCIATES
Chartered Accountants

Bankers :

CANARA BANK



NOTICE

Notice is hereby given that the 39th Annual General Meeting of BANGALORE FORT FARMS LIMITED, Bangalore will be held at Mythic Society, Nrupathunga Road, Bangalore on Saturday the 30th September 2006 at 11.00 A M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31.03.2006 and the Profit and Loss Account for the year ending 31.03.2006 together with the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Sri. K.G. Subbarama Setty, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri. P.S. Nanda Kumar, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the year 2006-07 and fix their remuneration.

By Order of the BOARD
K S AKHILESH BABU
Managing Director

Place: Bangalore
Date :29.07.2006

NOTES

1. A Member eligible to attend and vote at the Meeting is entitled to appoint a Proxy to vote instead of himself and such Proxy need not be a Member.
2. The Register of Members and Share Transfer Books of the Company will be closed from 24th September 2006 to 30th September 2006 (both days inclusive)
3. For Proxies to be valid they should be deposited at the Registered Office of the Company Forty Eight Hours before the commencement of the Meeting.
4. Members are requested to notify immediately to the Company any change in their addresses.
5. M/s R Chandrashekar and Associates, Chartered Accountants, the Auditors of the Company will retire at the forth-coming Annual General Meeting and are eligible for re-appointment.
6. Pursuant to the provisions of section 205 C of the Companies Act, 1956, and as per the Central Government Notification the Amount in the unclaimed dividend A/c for the year 1998-99 will be transferred to the Investor Education and Protection Fund at the end of this Annual General Meeting.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors are herewith presenting the 39th Annual Report and the Audited Accounts for the year ending 31st March 2006.

FINANCIAL RESULTS:

Since the year 2004 the layer market has become very price sensitive and we are not able to forecast or compare the market scenario to that of the earlier years. Constant fluctuating prices finally would end up with a low average price realization, which was below the cost of production. We did see some good rates in June 2005, however a viral disease hit the farm known as V V N D in July 2005. Productions therefore dropped and there was neither turnaround nor better realization as the Birds did not give the desired normal production even after medication. Quarter to quarter losses fluctuated, but could not see profits.

The whole poultry Industry in India was shattered when BIRD FLU was reported in Maharashtra in February 2006 and the whole Industry collapsed on price realization due to fear in the consumer and thereby sale of poultry products throughout India severely dropped so also the Exports. This panic in the minds of the consumer and drop in consumption forced to sell the produce at whatever price we could get and the Revenue inflow was almost half or manytimes even less.

The Industry also had a further beating when the Raw Material suppliers increased the prices and started demanding advance payments. This was due to the fact that farmers having lost heavily the traders were over cautious for their money. This forced our products to further drop as the production centers had huge stocks of eggs and started selling at whatever price the eggs were sold to generate money to make advance payment for the Raw Materials to save the remaining live stock. There were absolutely no buyers of Cull birds even at Rs. 5/- per kg after the outbreak. Thus the egg production could not be controlled. As poultry is a Labour oriented activity many fixed expenses remained at the same level, thereby increasing the losses further.

When we had the full production of 21 lakh eggs in the month of April 2005 the average realization was only Rs.1.10 per egg, whereas when the average realization was Rs.1.49 in December 2005 our production was 19.50 lakh eggs. The production, after the outbreak was fluctuating between the months and at the end of the year i.e. in March it was 16.50 lakh eggs and the average realization was Rs.0.81 per egg only. Even the culling of Birds was disturbed and when the average rate was Rs.29/- per Bird we had only 2000 Birds for sale and when the average realization was Rs.22/- per Bird we had about 10500 Birds for sale.

Hence, the Analysis of the Operations shows, sale of eggs had an average realization of Rs.122/- for 100 Eggs as against previous year's Rs. 131/-, a decrease of Rs 9/- for 100 eggs. The average realization on sale of birds increased to Rs.30/- per bird as against Rs.27/- per bird for the previous year.

The team of your Company is continuously striving hard and trying to keep the costs low by using low cost Feed formulations to produce eggs at lowest cost.

FUTURE PROSPECTS:

As mentioned above, to overcome the impact of the Bird Flu problem and to reduce the input cost, we had to go through a procedure of Force Moulting for about 50 % of the batches. Remaining batches, which were young, were fed with minimum required quantity of feed to control egg production and also input costs as far as possible. This led to not reaching the optimum production level even this year too. With sharp fluctuation of feed raw material prices, and also of low egg prices it is difficult to predict the future. We would also like to inform you that the cost of production is increasing year after year due to many factors, which are beyond our control. The operations for the first two quarters of the current year already has a huge loss as the markets still have not come back to normal after the February Bird Flu outbreak.

The prices of principal feed ingredients such as Maize and Soya, which are in short production is also being exported even this year from our country, continue to be a cause for concern. This has led to hardening the supply and increase in prices. For your information at the time of sending this materials for printing the Maize rate was Rs.850 per quintal in August 2006 and Rs. 665 per qtl. in July 2006 as against Rs. 520 Per qtl. in August 2005, an increase of about 30 to 65 %. All these factors have compounded and are likely to keep the feed costs at a higher level and running the farm has become a challenge.

TRANSFER OF UNCLAIMED DIVIDEND:

As per the Government's notification the Unclaimed Dividend for the year 1998-99 will be transferred to Investor Education and Protection Fund as per Statutory Regulation.

FIXED DEPOSITS:

The Company has not accepted any fixed deposits from public.

DIVIDEND:

The results of the year being negative, your Directors do not recommend any dividend for the year 2005-2006.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors would like to inform the shareholders that the audited accounts containing the financial statements for the year 2005-06 are in full conformity with the requirement of the Act, and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and readably present the Companies Financial condition and results of operation. The statutory auditors M/s R Chandrashekar and Associates, the Chartered Accountants, audited the financial statements.

YOUR DIRECTORS FURTHER CONFIRM THAT

- a) In the preparation of the annual accounts, applicable accounting standards have been followed.

- b) The accounting policies are consistently applied and made judgments and the estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year covered under this Report and of the Profit / Loss of the Company for the year.
- c) That the 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.
- d) That the Directors have prepared the Annual Accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO UNDER SECTION 217(1)(e) / 217(2A)(a) OF COMPANIES ACT 1956:

Information to be furnished on the above is NIL and the Company is not classified in the list of industries in the Schedule to the Companies (Disclosure of particulars in the report of the Board of Directors) Rules 1988.

RETIREMENT OF DIRECTORS:

Sri K.G. Subbarama Setty and Sri. P.S. Nanda Kumar, Directors of your Company are retiring by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

AUDITORS:

M/s R Chandrashekar and Associates, Chartered Accountants, the Auditors of the Company will retire at the forthcoming Annual General Meeting. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

BANKERS:

The Board place on record their sincere thanks and appreciations to the Company's Bankers, Canara Bank for their continued financial assistance to the company even during the difficult times. The bank has understood the problem prevailing in the country and has come to our rescue by providing additional facilities and also has reduced the rate of interest and deferred the repayments due.

ACKNOWLEDGEMENTS:

We thank the workers, staff and others connected with the poultry industry for their co-operation and also like to thank all the shareholders for their co-operation and confidence reposed on the Directors.

By Order of the Board
BANGALORE FORT FARMS LTD,
K.G. Subbarama Setty
Chairman

Place: Bangalore
Date: 29/07/2006

AUDITOR'S REPORT

To the Members of
BANGALORE FORT FARMS LIMITED

1. We have audited the attached Balance Sheet of Bangalore Fort Farms Limited as at March 31, 2006 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply in all material respects with the applicable accounting standards referred to in Section 211(3C) of the Companies Act, 1956;

- (e) On the basis of written representations received from the directors, as on March 31, 2006 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2006;
 - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For R. CHANDRASHEKAR AND ASSOCIATES

Chartered Accountants

V. GANESH

Proprietor

Membership No. 202995

Place : Bangalore

Date : July 29, 2006

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date]

1. (a) The Company is maintaining proper records in the form of schedules showing full particulars including quantitative details and situation of fixed assets.
(b) The fixed assets are physically verified by the management once in two years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.
(c) In our opinion, there was no substantial disposal of fixed assets during the year.
2. (a) The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently the requirement of sub clauses (b), (c) and (d) of Clause 4(iii) of the Companies (Auditor's Report) Order are not applicable.
(b) The Company had taken an Inter Corporate loan from a party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 8.03 lakh.
(c) In our opinion, the rate of interest and other terms and conditions of loan taken are not prima facie prejudicial to the interests of the Company.
(d) The Company has been regular in repaying the principal amount and interest as stipulated.
4. In our opinion, and according to the information and explanations given to us, in general there are adequate internal control systems commensurate with the size of

the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in internal control systems.

5. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time where such market prices are available.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
7. We are informed that the Company is in the process of strengthening its existing internal audit system commensurate with the size and nature of its business.
8. As explained to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, for the year under review.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
10. The Company does not have any accumulated losses. It has incurred cash losses in the financial year covered by our audit and had not incurred any cash loss in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to

banks. The Company has neither taken any loans from a financial institution nor issued any debentures.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures or other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has not obtained any term loans.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion, and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act during the year.
19. The Company has not issued debentures.
20. The Company has not raised any money by public issue.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For R. CHANDRASHEKAR AND ASSOCIATES

Chartered Accountants

V. GANESH

Proprietor

Membership No. 202995

Place : Bangalore

Date : July 29, 2006

BALANCE SHEET AS AT MARCH 31, 2006

	Sch. No.	2006		2005	
		Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
<u>SOURCES OF FUNDS</u>					
<u>Shareholders' Funds</u>					
Share Capital	1	800,000		800,000	
Reserves and Surplus	2	547,666		2,797,917	
			1,347,666		3,597,917
<u>Loan Funds</u>					
Secured Loans	3	3,943,363		5,250,056	
Unsecured Loan	4	763,086		803,386	
			4,706,449		6,053,442
Total		6,054,115			9,651,359
<u>APPLICATION OF FUNDS</u>					
<u>Fixed Assets</u>	5				
Gross Block		9,745,743		9,814,547	
Less : Depreciation		8,290,933		8,110,186	
			1,454,810		1,704,361
<u>Investments</u>	6		15,690		15,690
<u>Current Assets, Loans and Advances</u>					
Inventories	7	8,250,921		10,148,083	
Sundry Debtors	8	512,098		506,329	
Cash and Bank Balances	9	216,774		205,458	
Loans, Advances and					
Other Current Assets	10	238,887		1,190,732	
		9,218,680		12,050,602	
Less : Current Liabilities and Provisions	11	6,652,694		5,004,057	
Net Current Assets			2,565,986		7,046,545
<u>Deferred Tax Asset</u> (Note No. 2)			2,017,629		884,763
Total			6,054,115		9,651,359
Notes on Accounts	17	-	-		

Per Our Report attached
For R. CHANDRASHEKAR AND ASSOCIATES
Chartered Accountants
V. GANESH
Proprietor

K. S. AKHILESH BABU
Managing Director

K. G. SUBBARAMA SETTY
Chairman

J. MADHAVA SHARMA
Director

Dr. K. SUBBA REDDY
Director

Place : Bangalore
Date : July 29, 2006

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006

	Sch. No.	2006		2005	
		Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
<u>INCOME</u>					
Sales	12	28,734,036		29,637,545	
Other Income	13	56,626		56,546	
			28,790,662		29,694,091
<u>EXPENDITURE</u>					
Farm Expenses	14	29,837,090		27,103,337	
Administrative and Other Expenses	15	1,584,471		1,639,129	
Financial Expenses	16	486,863		502,089	
Depreciation		247,855		327,009	
			32,156,279		29,571,564
(Loss) / Profit Before Tax			(3,365,617)		122,527
Less : <u>Provision for Taxation</u>					
Current Tax	-			11,000	
Deferred Tax (Refer Note no.2)		(1,132,866)		118,368	
Fringe Benefit Tax		17,500			
			(1,115,366)		129,368
(Loss) After Tax			(2,250,251)		(6,841)
Balance Brought Forward			1,279,742		1,286,583
Transfer from General Reserve			1,000,000		---
Balance Carried to Balance Sheet			29,491		1,279,742
Earnings/(Loss) Per Share - Basic			(28.13)		(0.09)
Notes on Accounts	17				

Per Our Report attached

For R. CHANDRASHEKAR AND ASSOCIATES

Chartered Accountants

V. GANESH

Proprietor

K. S. AKHILESH BABU

Managing Director

K. G. SUBBARAMA SETTY

Chairman

Place : Bangalore

Date : July 29, 2006

J. MADHAVA SHARMA

Director

Dr. K. SUBBA REDDY

Director

SCHEDULES FORMING PART OF ACCOUNTS

	2006		2005	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
SCHEDULE - 1				
<u>SHARE CAPITAL</u>				
<u>Authorised</u>				
10,00,000 Equity Shares of Rs.10 each		10,00,000		10,00,000
<u>Issued, Subscribed and Paid up</u>				
80,000 Equity Shares of Rs.10 each fully paid up		800,000		800,000
SCHEDULE - 2				
<u>RESERVES AND SURPLUS</u>				
General Reserve	1,380,000		1,380,000	
Less : Transfer to Profit and Loss Account	1,000,000		----	
		380,000		1,380,000
Capital Reserve		8,075		8,075
Capital Redemption Reserve		130,100		130,100
Profit and Loss Account		29,491		1,279,742
Total		547,666		2,797,917
SCHEDULE - 3				
<u>SECURED LOANS</u>				
Cash Credit Accounts from Canara Bank (Secured by deposit of title deeds of land and building and hypothecation of poultry and electrical equipments, vehicles and stocks)		3,893,430		5,100,752
From Others (Secured by hypothecation of a Car and a Van)		49,933		149,304
Total		3,943,363		5,250,056
SCHEDULE - 4				
<u>UNSECURED LOAN</u>				
Inter Corporate Loan (Including Interest Accrued Rs. 13,086, Previous year Rs. 53,386)		763,086		803,386
SCHEDULE - 6				
<u>INVESTMENTS - AT COST</u>				
Investments in Property Time Share Scheme of Sterling Holiday Resorts (India) Pvt. Ltd.		15,680		15,680
One Equity Share in Sterling Holidays (Ooty) Limited fully paid up		10		10
Total		15,690		15,690

SCHEDULE - 5
FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.4.2005	Additions	Deletions	As at 31.3.2006	Upto 1.4.2005	For the year	Withdrawal on Deletions	Upto 31.3.2006	As at 31.3.2006	As at 31.3.2005
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Land	114,326	--	--	114,326	-	-	-	-	114,326	114,326
Building	4,707,679	-	-	4,707,879	3,803,126	79,423	-	3,882,549	825,330	904,753
Plant and Machinery	3,510,670	-	77,804	3,432,866	3,441,188	11,072	67,108	3,385,152	47,714	69,482
Furniture and Fixtures	23,04	-	-	23,047	23,047	-	-	23,047	-	-
Livestock	8,000	17,000	8,000	17,000	-	-	-	-	17,000	8,000
Vehicles	1,450,625	-	-	1,450,625	842,825	157,360	-	1,000,185	450,440	607,800
Total	9,814,547	17,000	85,804	9,745,743	8,110,186	247,855	67,108	8,290,933	1,454,810	1,704,361
As at 31-3-2005	9,789,702	24,845	--	9,814,547	7,783,177	327,009	--	8,110,186	1,704,361	2,006,525

SCHEDULES FORMING PART OF ACCOUNTS

	2006		2005	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
SCHEDULE - 7				
<u>INVENTORIES</u>				
Stores-At Lower of Cost or Realisable Value		833,812		677,520
Commercial Eggs -At Realisable Value		141,533		147,366
Growing Flock - At Estimated Cost		1,120,141		1,398,558
Producing Flock - At Estimated Cost		4,556,489		4,509,557
Manure - At Estimated Realisable Value		225,000		225,000
Feed Raw Materials - At Lower of Cost or Realisable Value		1,373,946		3,190,082
Total		8,250,921		10,148,083
SCHEDULE - 8				
<u>SUNDRY DEBTORS</u>				
<u>Unsecured, Considered Good :</u>				
Debts outstanding for a period exceeding six months		7,634		27,394
Others		504,464		478,935
Total		512,098		506,329
SCHEDULE - 9				
<u>CASH AND BANK BALANCES</u>				
Cash in hand		185,424		167,258
<u>Balances with Scheduled Banks :</u>				
In Deposit Accounts	2,000*		2,876*	
In Unclaimed Dividend Accounts	29,350		35,324	
		31,350		38,200
Total		216,774		205,458
* Pledged with the commercial tax department				
SCHEDULE - 10				
<u>LOANS, ADVANCES AND OTHER</u>				
<u>CURRENT ASSETS</u>				
(Recoverable in cash or in kind or for value to be received unsecured, considered good).				
Advances against Purchases		21,105		992,021
Advances to Staff and Others		23,496		12,156
Advance Taxes net of Provision		20,405		9,705
Prepaid Expenses		22,288		25,257
Deposits with Government Departments		91,083		91,083
Deposits with Others		60,510		60,510
Total		238,887		1,190,732

SCHEDULES FORMING PART OF ACCOUNTS

	2006		2005	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
SCHEDULE - 11				
<u>CURRENT LIABILITIES AND PROVISIONS</u>				
<u>Current Liabilities</u>				
Sundry Creditors and Accrued Charges	5,705,689		4,191,520	
Advance against Sales	1,200		---	
Interest accrued but not due	339		1,015	
Security Deposits	20,000		15,000	
Unclaimed Dividends	28,610		34,340	
Preference Shareholders	64,700		64,700	
Managing Director's Current Account	767,653		636,463	
		6,588,191		4,943,038
<u>Provisions</u>				
Leave Encashment		64,503		61,019
Total		6,652,694		5,004,057
SCHEDULE - 12				
<u>SALES</u>				
Eggs		28,423,183		29,406,545
Sundries		310,853		231,000
Total		28,734,036		29,637,545
SCHEDULE - 13				
<u>OTHER INCOME</u>				
Interest		1,558		140
Profit on sale of livestock		3,000		---
Others		52,068		56,406
Total		56,626		56,546
SCHEDULE - 14				
<u>FARM EXPENSES</u>				
<u>Opening Stock</u>				
Commercial Eggs	147,366		131,425	
Growing Flock	1,398,558		1,412,867	
Producing Flock	4,509,557		4,336,389	
Manure	225,000		225,000	
		6,280,481		6,105,681
Purchase of Chicks		1,053,585		1,047,275
Purchase of Eggs		281,668		117,013
Feeds (including Feed Production Cost of Rs.25,971,569 previous year Rs.23,855,642)	26,321,672		24,159,697	

SCHEDULES FORMING PART OF ACCOUNTS

	2006		2005	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
Medicines and Vitamins Consumed	875,660		775,949	
Salaries, Wages and Bonus		27,197,332		24,935,646
Power and Lighting		1,467,062		1,203,469
Telephone Charges		408,311		428,087
Security Charges		28,271		20,787
Miscellaneous Expenses		380,405		412,486
Repairs and Maintenance - Building		693,025		637,227
Repairs and Maintenance - Others		137,737		127,819
		137,554		177,597
		38,065,431		35,213,087
Less: Sale of Birds	1,909,178		1,488,669	
Sale of Manure	276,000		340,600	
		2,185,178		1,829,269
		35,880,253		33,383,818
Less: Closing Stock				
Commercial Eggs	141,533		147,366	
Growing Flock	1,120,141		1,398,558	
Producing Flock	4,556,489		4,509,557	
Manure	225,000		225,000	
		6,043,163		6,280,481
Total		29,837,090		27,103,337
SCHEDULE - 15				
ADMINISTRATIVE AND OTHER EXPENSES				
Salaries, Wages and Bonus		388,637		411,439
Contribution to Provident and Other Funds		196,194		159,850
Staff Welfare and Amenities		43,598		71,335
Gratuity Premium		97,855		105,816
Rent, Rates and Taxes		33,892		98,122
Printing and Stationery		23,300		34,691
Postage and Telephone		34,806		35,300
Electricity and Water Charges		27,405		26,583
Insurance		728		2,154
Repairs and Maintenance		28,669		44,406
Remuneration to Auditors		43,570		43,570
Vehicle Maintenance		256,773		215,698
Travelling and Conveyance		7,400		14,555
Managing Director's Remuneration		321,208		299,709
Directors Sitting Fees		1,600		1,500

SCHEDULES FORMING PART OF ACCOUNTS

	2006		2005	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
Miscellaneous Expenses		68,140		74,401
Loss on Scrapping of Assets		10,696		----
Total		1,584,471		1,523,560
SCHEDULE - 16				
FINANCIAL EXPENSES				
Interest on Fixed Loans		77,870		90,309
Interest on Cash Credit Accounts		352,828		361,689
Bank Charges		56,165		50,091
Total		486,863		502,089

SCHEDULE - 17

NOTES ON ACCOUNTS

1 Significant Accounting Policies

(a) System of Accounting

The Company adopts the accrual basis in the preparation of accounts.

(b) Valuation of Inventories

Stores	-	At Lower of Cost or Realisable Value
Commercial Eggs	-	At Realisable Value
Growing Flock	-	At Estimated Cost
Producing Flock	-	At Estimated Cost
Manure	-	At Estimated Realisable Value
Feed Raw Materials	-	At Lower of Cost or Realisable Value

(c) Fixed Assets

All fixed assets are stated at cost of acquisition less depreciation.

(d) Depreciation

Depreciation has been provided on the written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Full depreciation has been provided on additions costing less than Rs. 5,000 each.

(e) Investments

Investments are stated at cost.

(f) Retirement Benefits

Contribution to Provident Fund and Family Pension Fund are charged to Profit and Loss Account. Gratuity liability is funded as per Group Gratuity Scheme of Life Insurance Corporation of India. Leave Encashment has been provided on the basis of the monetary value of unavailed leave remaining to the credit of the employees at the end of the year.

2 Deferred Tax

(a) The break up deferred tax assets(net) arising out of timing differences are as below :

SCHEDULES FORMING PART OF ACCOUNTS

	2006		2005	
	Details	Amount	Details	Amount
	Rs.	Rs.	Rs.	Rs.
<u>Liabilities</u>				
Depreciation		202,737		250,759
<u>Assets</u>				
Unabsorbed Depreciation and Losses		2,165,607		1,076,426
Others		54,759		59,096
Total		2,220,366		1,135,522
Net Deferred Tax Asset		2,017,629		884,763
 (b) The difference between the balance as on April 1, 2005 and March 31, 2006 of a sum of Rs. 11,32,866 has been credited to the Profit and Loss Account.				
3 The Company is engaged in the business of poultry farming which as per Accounting Standard 17 is considered the only reportable business segment. The geographical segmentation is not relevant as the company operates in a single identifiable area.				
<u>4 Managerial Remuneration - Managing Director</u>				
Salary		144,000		144,000
Provident Fund Contribution		10,620		10,620
Others		166,588		145,089
Total		321,208		299,709
<u>5 Material Cost</u>				
Opening Stock		3,391,041		2,360,446
Add : Purchases and Carriage Inwards		22,834,307		23,626,999
Grinding and Processing Charges		1,348,457		1,259,238
		27,573,805		27,246,683
Less: Closing Stock		1,602,236		3,391,041
Total		25,971,569		23,855,642
<u>6 Particulars of Turnover</u>				
Sale of Eggs	23,147,823	28,423,183	22,425,338	29,406,545
Sale of Birds	63,139	1,909,178	54,353	1,488,669
7 Expenditure/Earnings in Foreign Currency.				
		Nil		Nil
<u>8 Details of Remuneration to Auditors</u>				
Statutory Audit		16,530		16,530
Certification Work		11,020		11,020
Income tax Matters		16,020		16,020

SCHEDULES FORMING PART OF ACCOUNTS

	2006		2005	
	Details	Amount	Details	Amount
	Rs.	Rs.	Rs.	Rs.
9	The Company has carried on the business of poultry farming and, not being a manufacturing company, paragraphs 3(ii) and 4 C of Part II of Schedule VI to the Companies Act, 1956 are not applicable.			
10	Balances in respect of advances, sundry debtors and sundry creditors are subject to confirmation.			
11	The Company did not have any dues to Small Scale Industries to whom the company owes a sum in excess of rupees one lakh and for a period exceeding thirty days.			
12	As required by the Accounting Standard 18 issued by The Institute of Chartered Accountants of India, the Company's related parties with whom transactions have taken place during the year are as below The Company's transactions with the above related parties are summarised as follows :			

(a) Key Management Personnel

K.S.Akhilesh Babu
K.G.Subbarama Setty
P.S.Nandakumar
J. Madhava Sharma
Dr. K.Subba Reddy
B. S. N. Mallya

(b) Relative of Key Management Personnel

K.S.Chandramati

(c) Associate Enterprises

Balkrishna Breeding Farms Pvt. Ltd.
Komarla Feeds
Komarla Hatcheries

	Associate Enterprise Rs.	Key Management Personnel Rs.	Relative of Management Personnel Rs.
Purchase of Materials	1,131,859	-	-
Services Received	1,367,457	322,808	16,467
Other Charges	1,102	-	-
Interest paid for the year	67,500	-	-
Amounts Payable as at the end of the year	1,878,754	767,653	8,516
Inter Corporate Loan (Cr.) at the end of the year	763,086	-	-

13 Previous year's figures have been regrouped or reclassified wherever necessary to conform to the current year's classification.

14 Balance Sheet Abstract and General Business Profile Registration Details:

I	Registration No.	1643	State Code	08
	Balance Sheet Date	31-3-2006		
II	<u>Capital Raised during the year (Amount Rs. in thousands)</u>			
	Public Issue	Nil	Bonus Issue	Nil
	Rights Issue	Nil	Private Placement	Nil

SCHEDULES FORMING PART OF ACCOUNTS

		2006		2005	
		Details	Amount	Details	Amount
		Rs.	Rs.	Rs.	Rs.
III	Position of Mobilisation and Deployment of Funds (Amount Rs. in thousands)				
	Total Liabilities	12,707	Total Assets	12,707	
	<u>Sources of Funds</u>				
	Paid-up Capital	800	Reserves and Surplus	548	
	Secured Loans	3,943	Unsecured Loans	763	
	<u>Application of Funds</u>				
	Net Fixed Assets	1,455	Investments	16	
	Net Current Assets	2,566	Miscellaneous Expenditure	Nil	
	Accumulated Losses	Nil	Deferred Tax Asset	2,018	
IV	Performance of the Company (Amount Rs. in thousands)				
	Turnover	28,791	Total Expenditure	32,156	
	Profit / (Loss) before tax	(3,366)	Profit / (Loss) after tax	(2,250)	
	Loss per share (in Rs.) - Basic	(28.13)	Dividend (in %)	-	
V	Generic names of principal products				
	Item Code No. (ITC Code)		Not Applicable		
	Product Description		Poultry Farming		

Per Our Report attached

For R. CHANDRASHEKAR AND ASSOCIATES

Chartered Accountants

V. GANESH

Proprietor

K. S. AKHILESH BABU

Managing Director

K. G. SUBBARAMA SETTY

Chairman

Place : Bangalore

Date : July 29, 2006

J. MADHAVA SHARMA

Director

Dr. K. SUBBA REDDY

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006

	2006		2005	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Loss After Tax		(2,250,251)		(6,841)
Provision for Taxation		(1,115,366)		129,368
(Loss) / Profit Before Tax		(3,365,617)		122,527
Depreciation	247,855		327,009	
Interest	430,698		451,998	
Loss on Scrapping of Assets	10,696		-	
Profit on Sale of Livestock	(3,000)		-	
		686,249		779,007
Operating Profit Before Working Capital Changes		(2,679,368)		901,534
Trade and Other Receivable	956,776		(910,205)	
Inventory	1,897,162		(1,214,726)	
Trade Payables	1,654,367		(1,052,831)	
		4,508,305		(3,177,762)
Cash Generated from Operation		1,828,937		(2,276,228)
Interest Paid	430,698		451,998	
Direct Taxes and Fringe Benefit Tax Paid (Net)	28,200		800	
		458,898		452,798
Net Cash from Operating Activities		1,370,039		(2,729,026)
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets		(17,000)		(24,845)
Sale of Fixed Assets		11,000		----
Investment in Equity Shares		----		(10)
Net Cash used in Investing Activities		(6,000)		(24,855)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Long Term Borrowings		(139,671)		(213,671)
Cash Credit Account		(1,207,322)		3,081,824
Dividend Paid		(5,730)		(5,786)
Net Cash from Financing Activities		(1,352,723)		2,862,367
NET INCREASE IN CASH AND CASH EQUIVALENTS		11,316		108,486
Cash and cash equivalent as on April 1, 2005		205,458		96,972
Cash and cash equivalent as on March 31, 2006		216,774		205,458

Per Our Report attached

For R. CHANDRASHEKAR AND ASSOCIATES

Chartered Accountants

V. GANESH

Proprietor

K. S. AKHILESH BABU

Managing Director

K. G. SUBBARAMA SETTY

Chairman

Place : Bangalore

Date : July 29, 2006

J. MADHAVA SHARMA

Director

Dr. K. SUBBA REDDY

Director



BANGALORE FORT FARMS LIMITED

Regd Office : 172, Kavi Lakshmeesha Road,
Vishveswarapuram, BANGALORE - 560 004.

PROXY

I / We _____ of _____
being a member / members of above company, hereby appoint

(1) Shri _____ of _____ or failing him

(2) Shri _____ of _____ or failing him

(3) Shri _____ of _____ as my / our proxy
to vote on my / our behalf at 39th Annual General Meeting being held at Mythic
Society, Nrupathunga Road, Bangalore on 30-9-2006 at 11 a.m. and at any
adjournment thereof.

Signed this _____ day of _____ 2006

Folio No _____

Station _____

Date _____

Affix
Rs. 1.00
Revenue
Stamp
(Signature)

Note : Proxies must reach the Company's Registered Office not less than 48 hours before Meeting.



BANGALORE FORT FARMS LIMITED

(Please complete this Attendance Slip and hand it over at the entrance of the Hall)

ATTENDANCE SLIP

I hereby record my presence at 39th Annual General Meeting being held at Mythic Society
Nrupathunga Road, Bangalore on 30-9-2006 at 11 a.m.

Signature _____

Name_ BHOPATKAR ACHUT VAMAN (191)
15, 'JAI SHREERAM'
NO.1, BHRAMANWADI,
KURLA
NEW BOMBAY - 70
MAHARASHTRA

NOTE :

1. Members are requested to bring their copies of Annual Report with them to the Annual General Meeting.
2. No Duplicate Attendance Slip will be issued at the meeting hall.

ENTRY TO HALL ONLY WITH ATTENDANCE SLIP.

