



# 41<sup>st</sup> Annual Report 2007 - 2008



**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**

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### **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

**Dr. K. SUBBA REDDY**, Director

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### **Auditors :**

**M/s. R. CHANDRASHEKAR & ASSOCIATES**

Chartered Accountants

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### **Bankers :**

**CANARA BANK**

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## **NOTICE**

Notice is hereby given that the 41st Annual General Meeting of BANGALORE FORT FARMS LIMITED, Bangalore, will be held on Tuesday the 30th September 2008 at No-172, Kavi Lakshmeesha Road, Vishveswarapuram, Bangalore-560 004 at the Registered Office of the Company, 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 31.03.2008 and the Profit and Loss Account for the year ending 31.03.2008 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 2008-09 and fix their remuneration.

### **Special Business**

5. Re-Appointment of Sri.K.S.Akhilesh Babu as Managing Director.

**To consider and if thought fit, to pass with or without modifications, the following Resolutions as an Ordinary Resolution:**

RESOLVED THAT pursuant to the provisions of Sec.269, 309, 298, 310, 311 and 388 of the Companies Act, 1956 and subject to the conditions stipulated in Sch.XIII as amended and subject to the approval of the Central Government, consent of the company be and is hereby accorded to the reappointment and payment of remuneration to Sri. K. S. Akhilesh Babu, Managing Director of the company for a period of three years with effect from 13.2.2008 to 12 02 2011 and perquisites as has been set out in the explanatory statement

FURTHER RESOLVED that where in any financial year of the company during the aforesaid period, the company has no profits or its profits are inadequate, the company may pay him minimum remuneration in accordance with the limits laid down in Sch.XIII of the Companies Act, 1956 or any statutory modifications, substitutions or re-enactments thereof as may be agreed by the Board of Directors and Sri. K. S. Akhilesh Babu

Place: Bangalore  
Date: 24th July 2008

By Order of the BOARD  
K S AKHILESH BABU  
Managing Director

## **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 2008 to 30th September 2008 (both days inclusive)
3. For Proxies to be valid should reach 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 2000 -2001 will be transferred to the Investor Education and Protection Fund at the end of this Annual General Meeting.
7. Explanatory statement in respect of the special business is annexed and forms part of the Notice

## **EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS**

### **REAPPOINTMENT AND PAYMENT OF REMUNERATION TO THE MANAGING DIRECTOR**

Sri. K S Akhilesh Babu has been reappointed by the Board of Directors as the Managing Director for a period of three years from 13 02 2008 on the following terms and conditions

1. (A) Salary of Rs.12, 000/- (Rs.Twelve Thousand Only) per month.  
(B) Commission of 1% on Net Profit of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject to a ceiling of 50% of the Annual Salary. Bonus, if any payable under the Company's rules will be treated as a part of the commission.
2. **Benefits/Amenities/Perquisites :**
  - A) Free furnished residential accommodation with gas, electricity, water and furnishing. If the Company does not provide accommodation, the Managing Director will be paid such an amount as house rent allowance as the Board may decide from time to time and the expenses on gas, electricity, water and furnishing will be borne by the Company.
  - B) Reimbursement of salary of one servant employed at his residence.
  - C) Reimbursement of Medical expenses incurred for self and family, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
  - D) Leave Travel reimbursement incurred for self and family once a year, to & fro to any place in India.
  - E) Club fees subject to a maximum of two Clubs, excepting admission and life membership fees.
  - F) Personal Accident Insurance or Medical Claim, the premium for which shall not exceed Rs.10,000/- per annum.
  - G) Contributions to Provident Fund as per Rules.
  - H) Contributions to Super Annuation fund.
  - I) Gratuity at the Rate of Half Month's Salary for each completed year of service subject to a maximum of Rs.2, 50,000/-.
  - J) Free use of Car with Driver for the Business of the Company.
  - K) Reimbursement of all entertainment expenses actually and properly incurred for the Business of the Company. A reasonable ceiling on such expenses may however be fixed in this regard by the Company.

- L) Free use of Telephone facility at Residence. Since the Telephone will be used owing to the Business needs, this will not be considered as perquisites in line with treatment accorded under Income Tax Act of perquisite valuation. However, personal long distance calls shall be billable by the Company to the Managing Director.
3. Earned/Privileged Leave may be allowed to the Managing Director as per the Rules of the Company. Leave accumulated and not availed of during his tenure as Managing Director may be allowed to be en-cashed at the time of his retirement as per the Rules of the Company.
4. The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or the Committees thereof from the date of his appointment.

The reappointment and payment of remuneration is subject to the approval of the Central Government in terms of Part III of Sec II of Sch XIII in view of negative effective capital. The company has made an application to the Central Government and the application is under consideration

None of the Directors except Sri. K G Subbarama Setty, Sri. K S Akhilesh Babu and Sri. Nanda Kumar are directly or indirectly concerned or interested in the resolution

The resolution is for the approval of the members.

## **DIRECTORS' REPORT TO THE MEMBERS**

Your Directors are herewith presenting the 41st Annual Report and the Audited Accounts for the year ending 31st March 2008.

### **FINANCIAL RESULTS:**

We had informed you during the last General Body Meeting, about the Board's decision to reduce the operations temporarily due to outbreaks of V V N D and V V R D for two continuous years in our farm and also BIRD FLU outbreak in India. The advice of the experts from poultry industry was that, the farm has become old and cannot work with the existing facilities economically. There was huge accumulation of Virus and Bacteria over the years and the Biosecurity has become a major issue. Due to these reasons the operations were reduced to take up the modifications. Till such time of implementing the suggestions of the experts we had extended the production period of the existing birds. All the sheds were emptied as and when it was due and the last batch was culled in the month of September 2007. In the meantime we did not induct any new batches of chicks.

The Analysis of the Operations shows, sale of eggs had an average realization of Rs. 173.22 for 100 Eggs as against previous year's Rs. 125.77 for 100 eggs. Unfortunately this increase did not compensate the higher feed cost. The average realization on sale of birds were to Rs. 34.02 per bird as against Rs.28.30 per bird for the previous year.

### **FUTURE PROSPECTS:**

We were looking at the possibility of converting the existing facility to deep litter type of poultry farming to facilitate commercial broiler farming activity, or to continue the layer operations in the sheds, which are comparatively new and scientifically built which can house upto 50000 Birds. This required additional funds and as we had stopped the operations for a brief period our fund flow had effected adversely. We have approached the Bank for a Loan of Rs.25.00 Lakhs which is being persued. As of now we have 3 batches of 6000, each which is producing about 16,500 eggs.

The prices of principal feed ingredients such as Maize and Soya have increased enormously due to export, inflation and raise in Diesel cost along with non-availability of material in the market. This year FCI, has also not stored any maize and hence the little quantity of material what is available with the middlemen are controlling the prices.

Referring to the Notice for land acquisition served by the BDA for the proposed Peripheral Ring Road, the matter is still pending and till date we are not aware of the exact location or the alignment of the road that would be coming up. Depending on this alignment of the road we will be able to understand as to how many sheds are threatened for demolition. However as reported during the last General Meeting we have filed our objection to this proposal and are still awaiting for their reply.

**TRANSFER OF UNCLAIMED DIVIDEND:**

As per Statutory Regulation the Unclaimed Dividend for the year 2000 -2001 will be transferred to Investor Education and Protection Fund.

**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 2007-2008.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Your Directors would like to inform the shareholders that the audited accounts containing the financial statements for the year 2007-08 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 as 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.



**MANAGING DIRECTOR**

During the year Sri. K S Akhilesh Babu has been appointed as the Managing Director for a period of three years from 13 02 2008 and an application has been made to the Central Government for their approval as required.

**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 support to the company.

**ACKNOWLEDGEMENTS:**

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

Place: Bangalore  
Date: 24th July 2008

By Order of the BOARD  
BANGALORE FORT FARMS LTD,  
K.G. Subbarama Setty  
CHAIRMAN

## 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, 2008 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 and taken on record by the Board of Directors, none of the directors is

disqualified as on March 31, 2008 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, 2008;
  - (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 24, 2008

**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 Inter Corporate loans from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 27.23 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 as stipulated and demanded and has not been paying the interest.
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. (a) The accumulated losses of the Company as at March 31, 2008 are more than fifty percent of its networkth.  
(b) The Company has incurred cash losses in the financial year covered by our audit and 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 as at March 31, 2008. 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. In our opinion, the term loans have been applied for the purposes for which they were raised.
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, during the year, there are no funds raised on a short-term basis, which have been used for long-term investment. However, due to cash losses incurred by the Company, a portion of the long term investment is represented by an increase in current liabilities (Short term funds).
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

Place : Bangalore

Date : July 24, 2008

Membership No. 202995

**BALANCE SHEET AS AT MARCH 31, 2008**

	Sch. No.	2008		2007	
		Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
<b>SOURCES OF FUNDS</b>					
<b><u>Shareholders' Funds</u></b>					
Share Capital	1	800,000		800,000	
Reserves and Surplus	2	130,100		130,100	
			930,100		930,100
<b><u>Loan Funds</u></b>					
Secured Loans	3	1,800,610		3,115,169	
Unsecured Loans	4	2,723,213		815,430	
			4,523,823		3,930,599
			5,453,923		4,860,699
<b><u>APPLICATION OF FUNDS</u></b>					
<b><u>Fixed Assets</u></b>	5				
Gross Block		9,353,474		9,330,059	
Less : Depreciation		8,281,803		8,140,071	
			1,071,671		1,189,988
<b><u>Investments</u></b>			15,690		15,690
<b><u>Current Assets,</u></b>					
<b><u>Loans and Advances</u></b>					
Inventories	7	1,804,265		1,343,417	
Sundry Debtors	8	103,905		544,660	
Cash and Bank Balances	9	213,764		221,782	
Loans, Advances and Other Current Assets	10	190,707		199,964	
		2,312,641		2,309,823	
Less : Current Liabilities and Provisions	11	6,935,419		4,963,327	
Net Current Assets			(4,622,778)		(2,653,504)
<b>Deffered Tax Asset (Note No.3)</b>			<b>876.460</b>		<b>1,453,663</b>
<b>Profit and Loss Account</b>			8,112,880		4,854,862
Total			5,453,923		4,860,699
Notes on Accounts	17				

Per Our Report attached  
**For R. CHANDRASHEKAR AND ASSOCIATES**  
Chartered Accountants

**V. GANESH**  
Proprietor

**K. G. SUBBARAMA SETTY**  
Chairman

**K. S. AKHILESH BABU**  
Managing Director

**P. S. NANDA KUMAR**  
Director

**J. MADHAVA SHARMA**  
Director

**DR. K. SUBBA REDDY**  
Director

Place : Bangalore  
Date : July 24, 2008

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008**

	Sch. No.	2008		2007	
		Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
<b>INCOME</b>					
Sales	12	4,484,773		23,612,550	
Other Income	13	34,975		519,579	
			4,519,748		24,132,129
<b>EXPENDITURE</b>					
Farm Expenses	14	5,274,926		26,111,169	
Administrative and Other Expenses	15	1,466,033		1,969,271	
Financial Expenses	16	302,531		549,298	
Depreciation		141,732		196,001	
			7,185,222		28,825,739
<b>Loss Before Tax</b>			(2,665,474)		(4,693,610)
Less : <u>Provision for Taxation</u>					
Deferred Tax (Refer Note No.3)		577,203		563,966	
Fringe Benefit Tax		15,000		14,852	
Current Taxes of Prior Years		341		-	
			592,544		578,818
Loss After Tax			(3,258,018)		(5,272,428)
Balance Brought Forward			(4,854,862)		29,491
Transfer from General Reserve			-		380,000
Transfer from Capital Reserve			-		8,075
Balance Carried to Balance Sheet			(8,112,880)		(4,854,862)
Earnings / (Loss) Per Share-Basic			(40.73)		(65.91)
Notes on Accounts	17				

Per Our Report attached

**For R. CHANDRASHEKAR AND ASSOCIATES**

Chartered Accountants

**V. GANESH**

Proprietor

**K. G. SUBBARAMA SETTY**

Chairman

**K. S. AKHILESH BABU**

Managing Director

**P. S. NANDA KUMAR**

Director

**J. MADHAVA SHARMA**

Director

**DR. K. SUBBA REDDY**

Director

Place : Bangalore

Date : July 24, 2008



## SCHEDULES FORMING PART OF ACCOUNTS

	2008		2007	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
<b>SCHEDULE-1</b>				
<b><u>SHARE CAPITAL</u></b>				
<b><u>Authorised</u></b>				
10,00,000 Equity Shares of Rs.10 each		10,000,000		10,000,000
<b><u>Issued, Subscribed and Paid Up</u></b>				
80,000 Equity Shares of Rs. 10 each fully paid up		800,000		800,000
<b>SCHEDULE-2</b>				
<b><u>RESERVES AND SURPLUS</u></b>				
General Reserve	-		380,000	
Less : Transfer to Profit and Loss Account	-		380,000	
				-
Capital Reserve	-		8,075	
Less : Transfer to Profit and Loss Account	-		8,075	
				-
Capital Redemption Reserve		130,100		130,100
Total		130,100		130,100
<b>SCHEDULE-3</b>				
<b><u>SECURED LOANS</u></b>				
<b><u>From Canara Bank Limited</u></b>				
Term Loan		842,736		1,902,014
Cash Credit Accounts		957,874		1,213,155
		1,800,610		3,115,169
<p>* Includes Interest Accured and due Rs. 42,736 (Previous Year Rs.102,014)</p> <p>Note : The loans from Canara Bank are secured by deposit of title deeds of land and building and hypothecation of poultry and electrical equipments, vehicles and stocks.</p>				
<b>SCHEDULE-4</b>				
<b><u>UNSECURED LOAN</u></b>				
Inter Corporate Loans (Including Interest Accured Rs. 1,33,213 Previous year Rs.65,430)		2,723,213		815,430

**SCHEDULE-5**  
**FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.4.2007	Additions	Deletions	As at 31.3.2008	Up to 1.4.2007	For the year	Withdrawal on Deletions	Up to 31.3.2008	As at 31.3.2008	As at 31.3.2007
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Land	114,326	-	-	114,326	-	-	-	-	114,326	114,326
Building	4,707,879	-	-	4,707,879	3,954,582	65,356	-	4,019,938	687,941	753,297
Plant and Machinery	3,432,866	23,415	-	3,456,281	3,392,632	7,734	-	3,400,366	55,915	40,234
Furniture and Fixtures	23,047	-	-	23,047	23,047	-	-	23,047	-	-
Livestock	17,000	-	-	17,000	-	-	-	-	17,000	17,000
Vehicles	1,034,941	-	-	1,034,941	769,810	68,642	-	838,452	196,489	265,131
Total	9,330,059	23,415	-	9,353,474	8,140,071	141,732	-	8,281,803	1,071,671	1,189,988
As at 31.3.2007	9,745,743	-	415,684	9,330,059	8,290,933	196,001	346,863	8,140,071	1,189,988	1,454,810

# SCHEDULES FORMING PART OF ACCOUNTS

	2008		2007	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
<b>SCHEDULE-6</b>				
<b><u>INVESTMENT-AT COST</u></b>				
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
<b>SCHEDULE-7</b>				
<b><u>INVENTORIES</u></b>				
Stores - At Lower of Cost or Realisable Value		194,623		279,007
Commercial Eggs - At Realisable Value		28,485		51,035
Growing Flock - At Estimated Cost		164,441		-
Producing Flock - At Estimated Cost		1,341,716		913,375
Manure - At Estimated Realisable value		75,000		100,000
Total		1,804,265		1,343,417
<b>SCHEDULE-8</b>				
<b><u>SUNDRY DEBTORS</u></b>				
<u>Unsecured, Considered Good :</u>				
Debts outstanding for a period exceeding six months		-		8,805
Others		103,905		535,855
		103,905		544,660
<b>SCHEDULE-9</b>				
<b><u>CASH AND BANK BALANCES</u></b>				
Cash in hand		201,013		199,431
<u>Balances with Scheduled Banks :</u>				
In Deposit Accounts	2,000*		2,000*	
In Unclaimed Dividend Accounts	10,751		20,351	
Total		12,751		22,351
* Pledged with the commercial tax department		213,764		221,782

# SCHEDULES FORMING PART OF ACCOUNTS

	2008		2007	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
<b>SCHEDULE-10</b>				
<b><u>LOANS, ADVANCES AND OTHER</u></b>				
<b><u>CURRENT ASSETS</u></b>				
(Recoverable in cash or in kind or for value to be received unsecured, considered good)				
Advances against Purchases		-		7,000
Advances to Staff and Others		17,478		12,543
Advances Taxes net of Provision		20,002		21,093
Prepaid Expenses		8,074		7,735
Deposits with Government Departments		91,143		91,083
Deposits with Others		54,010		60,510
Total		190,707		199,964
<b>SCHEDULE-11</b>				
<b><u>CURRENT LIABILITIES AND PROVISIONS</u></b>				
<b><u>Current Liabilities</u></b>				
Sundry Creditors and Accrued Charged	6,040,819		4,355,262	
Security Deposits and Advances	302,000		12,000	
Unclaimed Dividends	10,800		20,040	
Preference Shareholders	64,700		64,700	
Managing Director's Current Account	248,415		147,693	
		6,666,734		4,599,695
<b><u>Provisions</u></b>				
Leave Encashment	28,796		45,314	
Gratuity	239,889		318,318	
		268,685		363,632
Total		6,935,419		4,963,327
<b>SCHEDULE-12</b>				
<b><u>SALES</u></b>				
Eggs		4,423,880		23,382,552
Sundries		60,893		229,998
Total		4,484,773		23,612,550
<b>SCHEDULE-13</b>				
<b><u>OTHER INCOME</u></b>				
Bad debts recovered		-		169,000
Interest Subsidy		6,891		138,395
Profit on sale of Assets		-		88,179
Others		28,084		124,005
Total		34,975		519,579

### SCHEDULES FORMING PART OF ACCOUNTS

	2008		2007	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
<b>SCHEDULE-14</b>				
<b><u>FARM EXPENSES</u></b>				
<u>Opening Stock</u>				
Commercial Eggs	51,035		141,533	
Growing Flock	-		1,120,141	
Producing Flock	913,375		4,556,489	
Manure	100,000		225,000	
		1,064,410		6,043,163
Purchase of Chicks		296,327		-
Purchase of Eggs		983,683		34,143
Feeds Consumed (including Feed Production cost of Nil, Previous year Rs.11,069,560)	3,717,295		20,278,409	
Medicines and Vitamins Consumed	110,210		227,840	
		3,827,505		20,506,249
Salaries, Wages and Bonus		640,115		1,892,680
Power and Lighting		173,952		247,607
Telephone Charges		19,022		22,119
Security Charges		359,576		386,787
Miscellaneous Expenses		188,031		200,342
Repairs and Maintenance - Building		42,872		47,055
Repairs and Maintenance - Others		95,489		72,480
		7,690,982		29,452,625
Less : Sale of Birds	692,614		2,003,746	
Sale of Manure	113,800		273,300	
		806,414		2,277,046
		6,884,568		27,175,579
<u>Less : Closing Stock</u>				
Commercial Eggs	28,485		51,035	
Growing Flock	164,441		-	
Producing Flock	1,341,716		913,375	
Manure	75,000		100,000	
		1,609,642		1,064,410
Total		5,274,926		26,111,169
<b>SCHEDULE-15</b>				
<b><u>ADMINISTRATIVE AND OTHER EXPENSES</u></b>				
Salaries, Wages and Bonus		506,215		480,476
Contribution to Provident and Other Funds		99,713		198,813
Staff Welfare and Amenities		25,271		29,776

## SCHEDULES FORMING PART OF ACCOUNTS

	2008		2007	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
Gratuity		49,038		440,649
Rent, Rates and Taxes		85,161		57,960
Printing and Stationery		15,903		16,398
Postage and Telephone		31,274		37,150
Electricity and Water Charges		14,995		20,640
Insurance		-		815
Repairs and Maintenance		12,979		14,209
Remuneration to Auditors		129,256		46,222
Vehicle Maintenance		153,940		227,791
Travelling and Conveyance		29,370		18,412
Managing Director's Remuneration		262,804		309,528
Directors Sitting Fees		1,600		1,900
Miscellaneous Expenses		48,514		68,532
Total		1,466,033		1,969,271
<b>SCHEDULE-16</b>				
<b><u>FINANCIAL EXPENSES</u></b>				
Interest on Fixed Loans		220,952		176,979
Interest on Cash Credit Accounts		76,413		341,184
Bank Charges		5,166		31,135
Total		302,531		549,298

### 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.

## SCHEDULES FORMING PART OF ACCOUNTS

		2008		2007	
		Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
(e) <b><u>Investments</u></b>					
Investments are stated at cost.					
(f) <b><u>Employee Benefits</u></b>					
<b><u>Short Term Employee Benefits</u></b>					
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.					
<b><u>Retirement Benefits</u></b>					
a) <b><u>Defined Contribution Plan</u></b>					
Contribution to Provident Fund and Family Pension Fund are Charged to Profit and Loss Account. The Company has no further obligations beyond its contributions.					
b) <b><u>Defined Benefit Plan - Gratuity</u></b>					
Gratuity Liability is funded as per the Group Gratuity Scheme of Life Insurance Corporation of India. The Present Value of the defined benefit obligation at the Balance Sheet less the fair Value of Plan Assets is recognised as a liability in the Balance Sheet. The defined Benefit Obligation is calculated by using the Projected Unit Credit Method. Actuarial Gains and Losses are charged to or credited to the Profit and Loss Account in the year in which such gains or losses arise.					
2. <b><u>Disclosure pursuant to Accounting Standard (AS) 15 Revised:</u></b>					
The Company has adopted the AS-15 (Revised) on Employee Benefits. The adoption however does not have any impact on the results for the year.					
The Principal assumptions used in determining Gratuity Obligations for the Company are as follows					
a) Discount Rate			8%		
b) Salary Escalation			7%		
c) Withdrawal Rate			1% to 3 % depending on age		
<b><u>Changes in the Present Value of Obligation</u></b>					
a) Present Value of Obligation as on 01-04-07			699,675		
b) Interest Cost			55,974		
c) Current Service Cost			22,742		
d) Past Service Cost			-		
e) Benefits Paid			(464,774)		
f) Actuarial (Gain) / Loss			(287)		
g) Present Value of Obligation as on 31-03-08			313,330		
<b><u>Changes in the Fair Value of Plan Assets</u></b>					
a) Fair Value of Plan Assets as on 01-04-07			381,357		
b) Actual Return on Plan Assets			29,391		
c) Contributions			127,467		
d) Benefits Paid			(464,774)		
e) Fair Value of Plan Assets as on 31-03-08			73,441		
<b><u>Amount Recognised in the Balance Sheet</u></b>					
a) Present Value of Obligations as at the Year End			313,330		
b) Less: Fair Value of Plan Assets as at the Year End			73,441		
c) Liability recognised in the Balance Sheet			239,889		

## SCHEDULES FORMING PART OF ACCOUNTS

		2008		2007	
		Details	Amount	Details	Amount
		Rs.	Rs.	Rs.	Rs.
<b><u>Expenses recognised in the Profit and Loss Account</u></b>					
a)	Current Service Cost		22,742		
b)	Past Service Cost		-		
c)	Interest Cost on Benefit Obligation		55,974		
d)	Actual return on Plan Assets		(29,391)		
e)	Net Actuarial (Gain)/Loss		(287)		
f)	Total Expenses recognised in the Profit and Loss Account		49,038		
<b><u>Investment Details of Plan Assets</u></b>					
The Plan Assets are maintained with the Life Insurance Corporation Gratuity Scheme. The details of investment maintained by Life Insurance Corporation are not available with the company and have not been disclosed.					
3	<b><u>Deferred Tax</u></b>				
(a) The break up of deferred tax assets(net) arising out of timing differences are as below :					
<b><u>Liabilities</u></b>					
	Depreciation		152,811		199,485
<b><u>Assets</u></b>					
	Unabsorbed Depreciation and Losses		927,000		1,529,550
	Others		102,271		123,598
	Total		1,029,271		1,653,148
	Net Deferred Tax Asset		876,460		1,453,663
(b) The difference between the balance as on April 1, 2007 and March 31, 2008 of a sum of Rs. 5,77,203 has been debited to the Profit and Loss Account.					
4	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.				
5	<b><u>Managerial Remuneration - Managing Director</u></b>				
	Salary		120,000		144,000
	Provident Fund Contribution		8,850		10,620
	Others		133,954		154,908
	Total		262,804		309,528
6	<b><u>Details of Traded Items</u></b>		Qty/ Nos.		Qty/ Nos.
	Purchase of Eggs		611,800		26,430
	Eggs Produced (Excluding broken/unsaleable eggs)		1,929,778		18,407,669
<b><u>Stock</u></b>					
	Opening Stock		31,897		188,711
	Closing Stock		19,645		31,897
7	<b><u>Particulars of Turnover</u></b>	Nos.	Rs.	Nos.	Rs.
	Sale of Eggs	2,553,830	4,423,880	18,590,913	23,382,552
	Sale of Birds	20,359	692,614	70,793	2,003,746



**SCHEDULES FORMING PART OF ACCOUNTS**

		2008	2007
	Details	Amount	Amount
	Rs.	Rs.	Rs.
<b>8</b>	<b><u>Details of Remuneration to Auditors</u></b>		
	Statutory Audit	44,944	16,836
	Certification Work and Tax Matters	33,708	29,386
	Statutory Audit and Tax Audit of Previous Year	50,604	-
	Total	<u>129,256</u>	<u>46,222</u>
9	Expenditure/Earnings in Foreign Currency - Nil (Previous year Nil).		
10	The Company has been served with a notice from Bangalore Development Authority notifying the company of their intention to acquire a portion of the company's land towards development of a peripheral ring road. The company has filed its objections with the Bangalore Development Authority against such an acquisition. Pending further proceedings from the Bangalore Development Authority, the land is held and considered as a freehold land.		
11	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.		
12	Balances in respect of advances, sundry debtors and sundry creditors are subject to confirmation.		
13	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.		
14	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 :		
	(a) <u>Key Management Personnel</u>	(b) <u>Relative of Key Management Personnel</u>	
	K.S.Akhilesh Babu	K.S.Chandramati	
	K.G.Subbarama Setty	(c) <u>Associate Enterprises</u>	
	P.S.Nandakumar	Balkrishna Breeding Farms Pvt. Ltd.	
	J. Madhava Sharma	Komarla Feeds	
	Dr. K.Subba Reddy	Komarla Hatcheries	
		Komarla Hotels and Resorts Pvt. Ltd.	
The Company's transactions with the above related parties are summarised as follows :			
	<u>Associate Enterprise</u>	<u>Key Management Personnel</u>	<u>Relative of Management Personnel</u>
	Rs.	Rs.	Rs.
Purchase of Materials	3,941,671	-	-
Services Received	24,800	264,404	20,063
Interest paid for the year	87,463	-	-
Amounts Payable as at the end of the year	5,658,060	248,415	11,894
Inter Corporate Loan (Cr.) at the end of the year	2,723,213	-	-
15	During the Previous Year, the company was temporarily scaling down its operations by not inducting new flocks and thereby retrenching the farm workers for the following reasons :		
	(a) The company has not been achieving the expected production standards as the sheds/cages, being old, are not in line with the current industry standards.		

**SCHEDULES FORMING PART OF ACCOUNTS**

2008		2007	
Details	Amount	Details	Amount
Rs.	Rs.	Rs.	Rs.
(b) The company plans to vacate and empty the farm and disinfect the sheds/ cages and also undertake renovation work.			
(c) The company plans to reinduct new flocks in a phased manner once the disinfection and renovation work are complete			
During the Year, the company has undertaken the cleaning/disinfecting of a few sheds and has inducted flocks in the cleaned sheds. In the meanwhile, the scaling down of operations and operating at a lower capacity utilisation have not been considered as discontinuing operations within the meaning of AS 24.			
16 Previous year's figures have been regrouped or reclassified wherever necessary to conform to the current year's classification.			
17 <b>Balance Sheet Abstract and General Business Profile</b>			
<b>I Registration Details:</b>			
Registration No.	1643	State Code	08
Balance Sheet Date	31-3-2008		
<b>II Capital Raised during the year (Amount Rs. in thousands)</b>			
Public Issue	Nil	Bonus Issue	Nil
Rights Issue	Nil	Private Placement	Nil
<b>III Position of Mobilisation and Deployment of Funds (Amount Rs. in thousands)</b>			
Total Liabilities	12,389	Total Assets	12,389
<b>Sources of Funds</b>			
Paid-up Capital	800	Reserves and Surplus	130
Secured Loans	1,801	Unsecured Loans	2,723
<b>Application of Funds</b>			
Net Fixed Assets	1,072	Investments	16
Net Current Assets	(4,623)	Miscellaneous Expenditure	Nil
Accumulated Losses	8,113	Deferred Tax Asset	876
<b>IV Performance of the Company (Amount Rs. in thousands)</b>			
Turnover	4,520	Total Expenditure	7,185
Profit / (Loss) before tax	(2,665)	Profit /( Loss) after tax	(3,258)
Loss per share (in Rs.) - Basic	(40.73)	Dividend (in %)	-
<b>V Generic names of principal products</b>			
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. G. SUBBARAMA SETTY**  
Chairman

**K. S. AKHILESH BABU**  
Managing Director

**P. S. NANDA KUMAR**  
Director

**J. MADHAVA SHARMA**  
Director

**DR. K. SUBBA REDDY**  
Director

Place : Bangalore  
Date : July 24, 2008

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008**

	2008		2007	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Loss After Tax		(3,258,018)		(5,272,428)
Provision for Taxation		592,544		578,818
Loss Before Tax		(2,665,474)		(4,693,610)
Depreciation	141,732		196,001	
Interest	297,365		518,163	
Profit on Sale of Assets	-		(88,179)	
		439,097		625,985
Operating Loss Before Working Capital Changes		(2,226,377)		(4,067,625)
Trade and Other Receivable	448,921		7,049	
Inventory	(460,848)		6,907,504	
Trade Payables	1,981,332		(1,680,797)	
		1,969,405		5,233,756
Cash Generated from Operation		(256,972)		1,166,131
Interest Paid	288,860		518,163	
Direct Taxes and Fringe Benefit Tax Paid (Net)	14,250		15,540	
		303,110		533,703
<b>Net Cash from Operating Activities</b>		(560,082)		632,428
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets		(23,415)		-
Sale of Fixed Assets		-		157,000
<b>Net Cash from/used in Investing Activities</b>		(23,415)		157,000
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Long Term Borrowings		840,000		1,904,425
Cash Credit Account		(255,281)		(2,680,275)
Dividend Paid		(9,240)		(8,570)
<b>Net Cash from Financing Activities</b>		575,479		(784,420)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		(8,018)		5,008
Cash and cash equivalent as on April 1,2007		221,782		216,774
Cash and cash equivalent as on March 31,2008		213,764		221,782

**For R. CHANDRASHEKAR AND ASSOCIATES**

Chartered Accountants

**V. GANESH**

Proprietor

**K. G. SUBBARAMA SETTY**

Chairman

**K. S. AKHILESH BABU**

Managing Director

**P. S. NANDA KUMAR**

Director

**J. MADHAVA SHARMA**

Director

**DR. K. SUBBA REDDY**

Director

Place : Bangalore

Date : July 24, 2008



## 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 41st Annual General Meeting being held at No.172,  
Kavi Lakshmeesha Road, Vishveswarapuram, Bangalore on 30.09.2008 at 11 a.m. and at  
any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

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 41st Annual General Meeting being held  
at No.172, Kavi Lakshmeesha Road, Vishveswarapuram, Bangalore on  
30.09.2008 at 11 a.m.

Signature \_\_\_\_\_

Name \_\_\_\_\_

**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.**