

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, 2012 and also the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;



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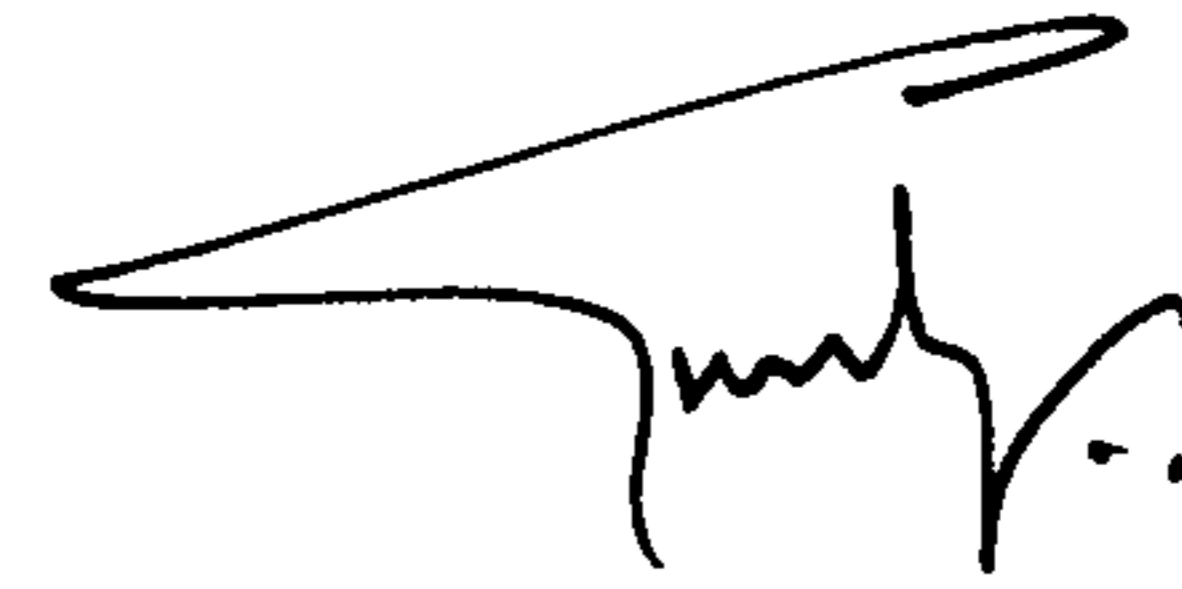
(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and subject note. No. 21.10 (Going Concern Basis) give a true and fair 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, 2012;

(ii) in the case of the Statement of Profit and Loss, 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
Firm Registration No. 006783S
Chartered Accountants



V. GANESH
Proprietor
Membership No. 202995



Place : Bangalore
Date : August 17, 2012

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. However, the Company has entered into binding sale agreements for sale of all the properties of the Company as noted in note no. 21.8 affecting the concept of going concern.
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 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. 107.60 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 also paid the interest up to date.
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.

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- (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 generally 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, 2012 are more than fifty percent of its networth.
- (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, there were no delays in repayment of dues to the bank. 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.

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16. In our opinion, the term loans have been applied for the purpose 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
Firm Registration No. 0067835
Chartered Accountants



V. GANESH
Proprietor
Membership No. 202995

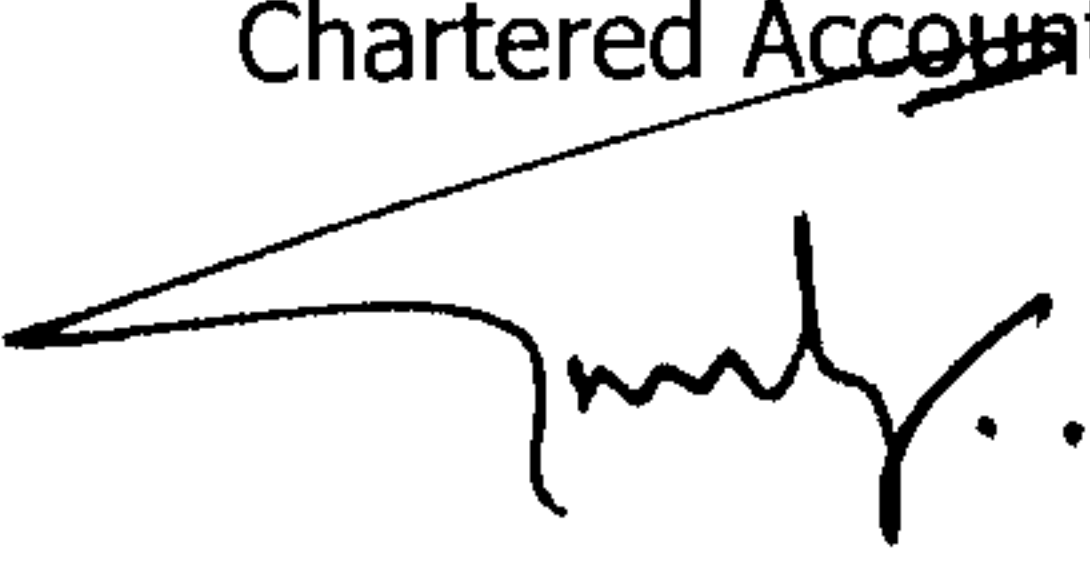
Place : Bangalore
Date : August 17, 2012

BANGALORE FORT FARMS LIMITED
BALANCE SHEET AS AT MARCH 31, 2012

Annual Report 2011 - 12

	Note No.	As at 31-3-2012		As at 31-3-2011	
		Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2	800,000		800,000	
Reserves and Surplus	3	(22,218,910)		(19,025,243)	
		-----	(21,418,910)	-----	(18,225,243)
Non-current Liabilities					
Long-term Borrowings	4		435,567		-
Current Liabilities					
Short-term Borrowings	5	7,797,706		11,902,332	
Trade Payables		8,619,694		7,812,715	
Other Current Liabilities	6	7,129,071		760,921	
Short-term Provisions	7	13,785		31,630	
		-----	23,560,256	-----	20,507,598
			<u>2,576,913</u>		<u>2,282,355</u>
ASSETS					
Non-current Assets					
Fixed Assets - Tangible Assets	8	1,400,231		1,672,109	
Non-current Investments	9	15,690		15,690	
Long-term Loans and Advances	10	92,643		144,143	
		-----	1,508,564	-----	1,831,942
Current Assets					
Inventories	11	50,000		93,011	
Trade Receivables	12	83,828		88,828	
Cash and Cash Equivalents	13	873,285		123,462	
Short-term Loans and Advances	14	61,236		145,112	
		-----	1,068,349	-----	450,413
			<u>2,576,913</u>		<u>2,282,355</u>
Notes on Accounts	1		-		-

Per Our Report attached
For R. CHANDRASHEKAR
AND ASSOCIATES
Firm Registration No. 006783S
Chartered Accountants


V. GANESH
Proprietor
Mem. No. 202995


P. S. NANDA KUMAR
Director


K. G. SUBBARAMA SETTY
Chairman


J. MADHAVA SHARMA
Director


K. S. AKHILESH BABU
Managing Director


Dr. K. SUBBA REDDY
Director

Place : Bangalore
Date : August 17, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Note No.	2011 - 12		2010 - 11	
		Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
INCOME					
Revenue from Operations	15	805,664		20,976,505	
Other Income		7,709		918	
		-----	813,373	-----	20,977,423
EXPENDITURE					
Farm Expenses	16	839,191		20,704,107	
Changes In Inventories	17	(10,000)		1,939,111	
Employee Benefits Expense	18	1,018,672		1,313,001	
Finance Costs	19	1,295,475		1,171,438	
Depreciation and Amortization Expense	8	156,273		188,100	
Other Expenses	20	707,429		1,649,995	
		-----	4,007,040	-----	26,965,752
Loss Before Tax			(3,193,667)		(5,988,329)
Loss Before Tax from Continuing Operations		-		-	
Less : Tax Expense		-		-	
Loss from Continuing Operations		-----	-	-----	-
Loss Before Tax from Discontinuing Operations		(3,193,667)		(5,988,329)	
Less : Tax Expense		-		690,065	
Loss from Discontinuing Operations	21.8	-----	(3,193,667)	-----	(6,678,394)
Loss for the year			(3,193,667)		(6,678,394)
Earnings / (Loss) per Equity Share					
Basic			(39.92)		(83.48)
Diluted			(39.92)		(83.48)
Significant Accounting Policies	1				

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

Firm Registration No. 006783S
Chartered Accountants

V. GANESH

Proprietor
Mem. No. 202995

P. S. NANDA KUMAR

Director

K. G. SUBBARAMA SETTY

Chairman

J. MADHAVA SHARMA

Director

K. S. AKHILESH BABU

Managing Director

Dr. K. SUBBA REDDY

Director

Place : Bangalore

Date : August 17, 2012

NOTE - 1

SIGNIFICANT ACCOUNTING POLICIES

1.1 System of Accounting

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

1.2 Valuation of Inventories

Stores	-	At Lower of Cost or Realisable Value
Producing Layer Flock	-	At Estimated Cost
Commercial Broilers	-	At Estimated Cost
Manure	-	At Estimated Realisable Value

1.3 Fixed Assets

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

1.4 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.

1.5 Investments

Investments are stated at cost.

1.6 Employee Benefits

(a) Short Term Employee Benefits

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) Retirement Benefits

a) Defined Contribution Plan

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) Defined Benefit Plan - Gratuity

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/(asset) 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.



	As at 31-3-2012		As at 31-3-2011	
	Details	Amount	Details	Amount
	Rs.	Rs.	Rs.	Rs.

NOTE - 2
SHARE CAPITAL

2.1 Authorised				
10,00,000 Equity Shares of Rs.10 each		<u>10,000,000</u>		<u>10,000,000</u>
2.2 Issued, Subscribed and Paid up				
80,000 Equity Shares of Rs.10 each fully paid up		<u>800,000</u>		<u>800,000</u>

- 2.3 There was no issue of Shares during the current or previous year
- 2.4 The company has only one class of shares referred to as 'Equity Shares' having a par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share.
- 2.5 The shareholders holding more than 5% of shares in the company are as below:

<u>Name of the Shareholder</u>	<u>No. of Shares</u>	<u>% of holding</u>	<u>No. of Shares</u>	<u>% of holding</u>
Mr. K.S. Akhilesh Babu	6,220	7.78%	6,220	7.78%
Balakrishna Live Stock Breeders Pvt. Ltd.	5,985	7.48%	5,985	7.48%
Balakrishna Breeding Farms Pvt. Ltd.	9,431	11.79%	9,431	11.79%

- 2.6 Reconciliation of Shares outstanding at the beginning and at the end of the year:

No. of shares outstanding at the beginning of the year	80,000	80,000
Add: Further issue during the year	-	-
No. of shares outstanding at the end of the year	80,000	80,000

NOTE - 3
RESERVES AND SURPLUS

Capital Redemption Reserve		130,100		130,100
<u>Surplus (Balance in Statement of Profit and Loss)</u>				
Opening Balance	(19,155,343)		(12,476,949)	
Add: Profit / (Loss) for the year	(3,193,667)		(6,678,394)	
	-----	(22,349,010)	-----	(19,155,343)
Total		<u>(22,218,910)</u>		<u>(19,025,243)</u>

NOTE - 4
LONG TERM BORROWINGS

Secured

Term Loan from Canara Bank		<u>435,567</u>		<u>-</u>
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- 4.1 The term loan from Canara Bank is secured by deposit of title deeds of land and building and hypothecation of poultry and electrical equipments, vehicles and stocks and personal guarantee of directors.
- 4.2 The personal guarantee of the directors for the above loan covers a sum of Rs. 922.02 lakh.
- 4.3 The term loan is repayable in 15 monthly installments from April 2012 and matures in June 2013. The rate of interest presently charged is 14.75%. The total loan as on March 31, 2012 is 15,03,567, of which a sum Of Rs. 10,68,000 is shown under 'Other Current Liabilities' as current maturities of long term borrowings.

	As at 31-3-2012		As at 31-3-2011	
	Details	Amount	Details	Amount
	Rs.	Rs.	Rs.	Rs.
NOTE - 5				
<u>SHORT TERM BORROWINGS</u>				
<u>Secured</u>				
Cash Credit facility from Canara Bank		-		1,142,332
<u>Unsecured</u>				
Inter Corporate Deposit from a Related Party		7,797,706		10,760,000
Total		<u>7,797,706</u>		<u>11,902,332</u>

5.1 The cash credit facility from Canara Bank is secured by deposit of title deeds of land and building and hypothecation of poultry and electrical equipments, vehicles and stocks and personal guarantee of directors.

NOTE - 6
OTHER CURRENT LIABILITIES

<u>Current Maturities of Long Term Borrowings</u>				
Term Loan from Canara Bank		1,068,000		-
Taxes and Contractual Liabilities		110,535		201,984
Advance against Sale of Assets		5,000,000		-
Directors Current Account		885,836		494,237
Balance due to Preference Shareholders		64,700		64,700
Total		<u>7,129,071</u>		<u>760,921</u>

NOTE - 7
SHORT TERM PROVISIONS

Provision for Leave Encashment		13,785		31,630
Total		<u>13,785</u>		<u>31,630</u>

NOTE - 9
NON CURRENT INVESTMENTS

Investments in Property Time Share Scheme of Sterling Holiday Resorts (India) Pvt. Ltd.		15,680		15,680
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Investment in Equity Instruments

Unquoted

One Equity Share in Sterling Holidays (Ooty) Limited fully paid up		10		10
Total		<u>15,690</u>		<u>15,690</u>

BANGALORE FORT FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

NOTE - 8
FIXED ASSETS

PARTICULARS	COST				DEPRECIATION				BOOK VALUE	
	As at	Additions	Deletions	As at	Upto	For the	Withdrawal	Upto	As at	As at
	1.4.2011			31.3.2012	1.4.2011	year	on Deletions	31.3.2012	31.3.2012	31.3.2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<u>Tangible Assets</u>										
Freehold Land	114,326	-	-	114,326	-	-	-	-	114,326	114,326
Building	5,529,868	-	-	5,529,868	4,266,608	117,775	-	4,384,383	1,145,485	1,263,260
Plant and Machinery	454,333	-	177,361	276,972	216,107	28,324	78,756	165,675	111,297	238,226
Furniture and Fixtures	6,190	-	-	6,190	6,190	-	-	6,190	-	-
Vehicle	374,538	-	-	374,538	335,241	10,174	-	345,415	29,123	39,297
Livestock	17,000	-	17,000	-	-	-	-	-	-	17,000
Total	6,496,255	-	194,361	6,301,894	4,824,146	156,273	78,756	4,901,663	1,400,231	1,672,109
As at 31.3.2011	6,496,255	-	-	6,496,255	4,636,046	188,100	-	4,824,146	1,672,109	1,860,209

8.1 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.

8.2 The Company has entered into binding agreements to sell the land and buildings as detailed in note no. 21.8.

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	As at 31-3-2012		As at 31-3-2011	
	Details	Amount	Details	Amount
	Rs.	Rs.	Rs.	Rs.
NOTE - 10				
<u>LONG TERM LOANS AND ADVANCES</u>				
<i>(Unsecured, Considered Good)</i>				
Deposits with Government Departments		89,643		91,143
Deposits with Others		3,000		53,000
Total		<u>92,643</u>		<u>144,143</u>
NOTE - 11				
<u>INVENTORIES</u>				
Stores	- At Lower of Cost or Realisable Value	-		53,011
Manure	- At Estimated Realisable Value	50,000		40,000
Total		<u>50,000</u>		<u>93,011</u>
NOTE - 12				
<u>TRADE RECEIVABLES</u>				
<i>(Unsecured, Considered Good)</i>				
Outstanding for a period exceeding six months		83,828		8,044
Other debts		-		80,784
Total		<u>83,828</u>		<u>88,828</u>
NOTE - 13				
<u>CASH AND CASH EQUIVALENTS</u>				
Cash and Cheques on hand		1,787		121,462
<u>With Scheduled Banks</u>				
In Current Accounts	869,498		-	
In Deposit Account	2,000		2,000	
	-----	871,498	-----	2,000
Total		<u>873,285</u>		<u>123,462</u>
NOTE - 14				
<u>SHORT TERM LOANS AND ADVANCES</u>				
<i>(Unsecured, Considered Good)</i>				
Advances to Staff and Others		-		44,800
Prepaid Expenses		-		3,163
Gratuity funded net of Provisions		53,076		97,149
Others		8,160		-
Total		<u>61,236</u>		<u>145,112</u>

	2011 - 12		2010 - 11	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
NOTE - 15				
<u>REVENUE FROM OPERATIONS</u>				
Sale of Commercial Broiler Birds		747,230		20,905,002
Other Operating Revenues		58,434		71,503
Total		<u>805,664</u>		<u>20,976,505</u>
NOTE - 16				
<u>FARM EXPENSES</u>				
Purchase of Commercial Broilers		221,382		5,445,061
Feed Consumed		583,718		14,148,775
Medicines and Vitamins Consumed		23,798		561,683
Stores and Spares Consumed		10,293		548,588
Total		<u>839,191</u>		<u>20,704,107</u>
NOTE - 17				
<u>CHANGES IN INVENTORY</u>				
<u>Opening Stock:</u>				
Commercial Broilers Birds	-		1,919,111	
Manure	40,000		60,000	
	-----	40,000	-----	1,979,111
<u>Closing Stock</u>				
Manure		50,000		40,000
Total		<u>(10,000)</u>		<u>1,939,111</u>
NOTE - 18				
<u>EMPLOYEE BENEFITS EXPENSE</u>				
Salaries, Wages and Bonus		929,888		1,205,728
Contribution to Provident and Other Funds		87,794		53,538
Staff Welfare		990		53,735
Total		<u>1,018,672</u>		<u>1,313,001</u>
NOTE - 19				
<u>FINANCE COSTS</u>				
Interest Expense		1,280,106		1,150,534
Other Finance Charges		15,369		20,904
Total		<u>1,295,475</u>		<u>1,171,438</u>

	2011 - 12		2010 - 11	
	Details	Amount	Details	Amount
	Rs.	Rs.	Rs.	Rs.
Power, Fuel and Water		90,336		126,062
Repairs and Maintenance		24,163		422,918
Insurance		-		3,180
Security Charges		196,092		417,079
Rent		23,136		23,136
Rates and Taxes		22,956		63,007
Vehicle Maintenance		101,015		174,226
Printing and Stationary		18,140		19,613
Postage and Telephone		40,893		30,716
Travelling and Conveyance		8,500		36,792
Legal and Professional Charges		46,041		72,029
Remuneration to Auditors		77,210		22,060
Director's Sitting Fee		9,600		5,200
Miscellaneous Expenses		30,467		233,977
Loss on Sale of Fixed Assets		18,880		-
	Total	<u>707,429</u>		<u>1,649,995</u>

NOTE - 21

OTHER NOTES AND DISCLOSURES

21.1 Remuneration to Auditors

Statutory Audit	44,120	-
Tax Matters	33,090	22,060
Total	<u>77,210</u>	<u>22,060</u>

21.2 Managerial Remuneration

Approval of the Central Government has been obtained only till September 2008 for the payment of remuneration to the Managing Director. Pending approval of the Central Government for remuneration from October 2008, provision has been made as per the resolution of the shareholders. The provision thus made, for which the approval from the Central Government is awaited is Rs. 720,342 (Previous year Rs. 521,598).

21.3 Deferred Tax

The company has not recognised any deferred tax asset, after an assessment, that it is not virtually certain and supported by convincing evidence that the deferred tax asset will be usable in future.

21.4 Expenditure/Earnings in Foreign Currency - Nil (Previous year Nil).

2011 - 12		2010 - 11	
Details	Amount	Details	Amount
Rs.	Rs.	Rs.	Rs.

21.5 Segment Reporting

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.

21.6 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.

21.7 Disclosure pursuant to Accounting Standard (AS) 15 Revised:

The Principal assumptions used in determining Gratuity Obligations for the Company are as follows

a) Discount Rate	8%	8%
b) Salary Escalation	7%	7%
c) Withdrawal Rate	1% to 3 % depending on age	1% to 3 % depending on age

Changes in the Present Value of Obligation

a) Present Value of Obligation as on 01-04-11	439,837	412,363
b) Interest Cost	35,187	32,989
c) Current Service Cost	32,216	40,619
d) Past Service Cost	-	-
e) Benefits Paid	(220,017)	-
f) Actuarial (Gain) / Loss	17,124	(46,134)
g) Present Value of Obligation as on 31-03-12	304,347	439,837

Changes in the Fair Value of Plan Assets

a) Fair Value of Plan Assets as on 01-04-11	536,986	493,061
b) Expected Return on Plan Assets	40,454	43,925
c) Contributions	-	-
d) Benefits Paid	(220,017)	-
e) Fair Value of Plan Assets as on 31-03-12	357,423	536,986

Amount Recognised in the Balance Sheet

a) Present Value of Obligations as at the Year End	304,347	439,837
b) Less: Fair Value of Plan Assets as at the Year End	357,423	536,986
c) Liability / (Asset) recognised in the Balance Sheet	(53,076)	(97,149)

Expenses recognised in the Profit and Loss Account

a) Current Service Cost	32,216	40,619
b) Past Service Cost	-	-
c) Interest Cost on Benefit Obligation	35,187	32,989
d) Expected return on Plan Assets	(40,454)	(43,925)
e) Net Actuarial (Gain)/Loss	17,124	(46,134)
f) Total Expenses recognised in the Profit and Loss Account	44,073	(16,451)

Investment Details of Plan Assets

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.

21.8 Disclosure as per Accounting Standard 24 pertaining to Discontinuing Operations

- (a) The company is engaged in the business of poultry farming which is the only reportable business segment of the company.
- (b) During the year, the company has discontinued its entire operations due to mounting losses.
- (c) The company has also entered into binding sale agreements for disposal of all of its immovable properties being land and buildings. The sale of land, buildings and associated machinery is expected to be completed by March 2013.

	Rs.
(d) (i) Estimated amount of realisation on sale of fixed assets (approx.)	65,000,000
(ii) Carrying amount of the total fixed assets to be disposed of as on March 31, 2012	1,400,231
(iii) Carrying amounts of current and non-current assets other than fixed assets as on March 31, 2012	1,176,682
(iv) Liabilities to be settled as on March 31, 2012	18,995,823

- (e) The entire operations having been discontinued, the segregation of the revenue and expenses of the operations would be as under:

	<u>Continuing Operations</u>		<u>Discontinuing Operations</u>		<u>Total</u>	
	(Nil)		(Poultry)			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Income	-	-	813,373	20,977,423	813,373	20,977,423
Expenses	-	-	(4,007,040)	(26,965,752)	(4,007,040)	(26,965,752)
Loss Before Tax	-	-	(3,193,667)	(5,988,329)	(3,193,667)	(5,988,329)
<u>Income Tax Expense</u>						
Current Tax	-	-	-	-	-	-
Deferred Tax	-	-	-	(690,065)	-	(690,065)
Loss for the Year	-	-	(3,193,667)	(6,678,394)	(3,193,667)	(6,678,394)

J.

21.9 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 :

- | | |
|--|--|
| <p>(a) <u>Key Management Personnel</u>
 K.S.Akhilesh Babu
 K.G.Subbarama Setty
 P.S.Nandakumar
 J. Madhava Sharma
 Dr. K.Subba Reddy</p> | <p>(b) <u>Relative of Key Management Personnel</u>
 K.S.Chandramati
 K.A. Poornima</p> <p>(c) <u>Associate Enterprises</u>
 Komarla Feeds
 Komarla Feeds and Foods Private Limited</p> |
|--|--|

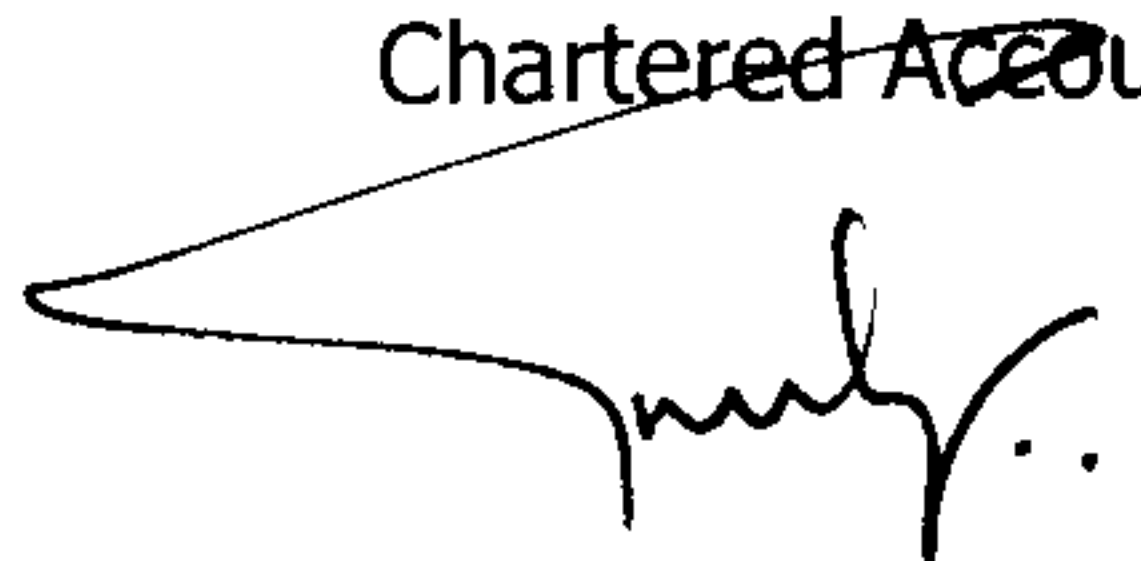
The Company's transactions with the above related parties are summarised as follows :

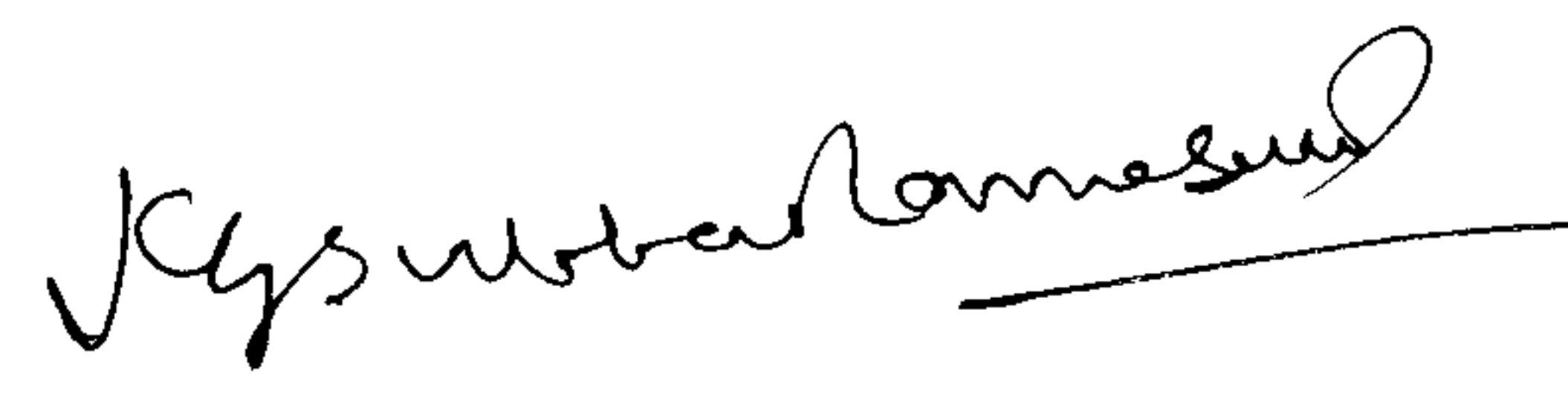
	<u>Associate Enterprise</u> Rs.	<u>Key Management Personnel</u> Rs.	<u>Relative of Management Personnel</u> Rs.
Purchase of Materials	773,075	-	-
Services Received	-	208,344	23,136
Interest paid for the year	1,041,896	-	-
Amounts Payable as at the end of the year	8,245,619	885,836	217,812
Inter Corporate Loan (Cr.) at the end of the year	7,797,706	-	-

21.10 The accumulated losses of the Company as at March 31, 2012 is Rs. 222.19 lakh as against the paid up capital of Rs. 8.00 lakh. The operations of the company have been discontinued as detailed in note no. 21.8 above with a view to reduce further losses. The estimated realisable value of the assets post tax are more than the liabilities to be settled. The company has not yet firmed up its further course of action after the sale and disposal of assets. The accounts have been prepared on the 'Going Concern' basis though there is enormous uncertainty about the future activities of the Company.

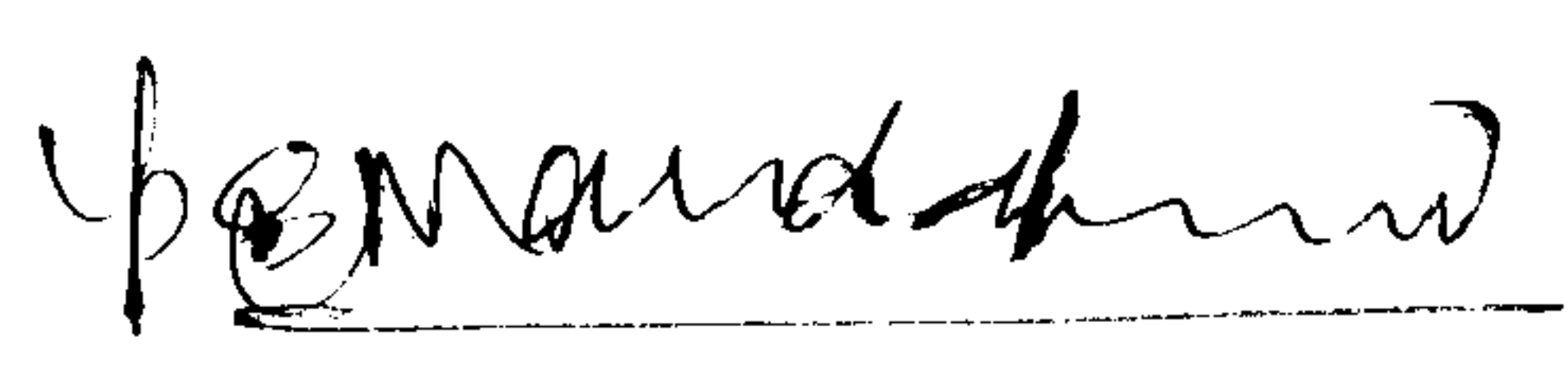
21.11 Previous year's figures have been regrouped or reclassified wherever necessary to conform to the current year's classification.

Per Our Report attached
For R. CHANDRASHEKAR
AND ASSOCIATES
Firm Registration No. 006783S
Chartered Accountants


V. GANESH
Proprietor
Mem. No. 202995


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 : August 17, 2012

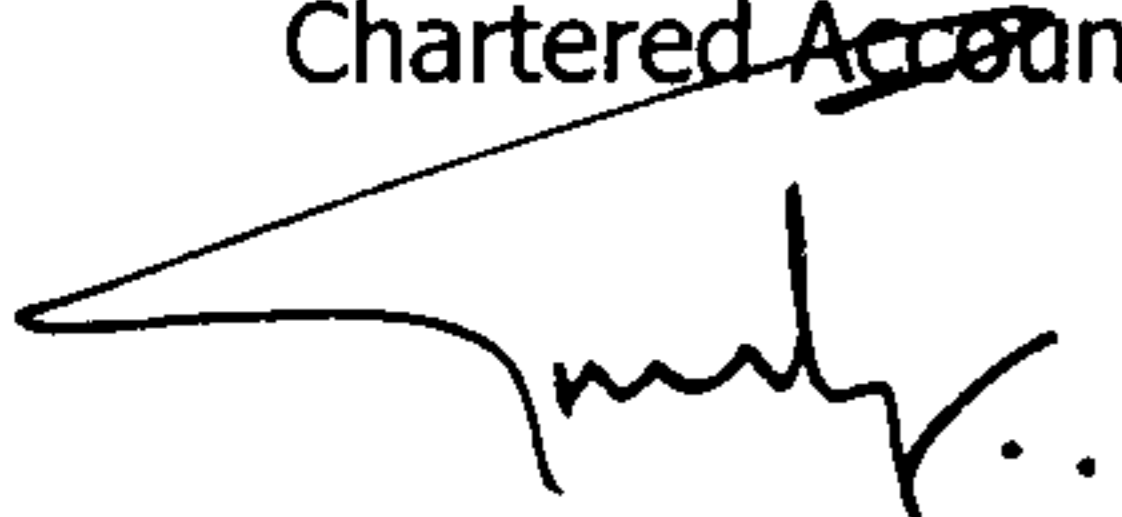
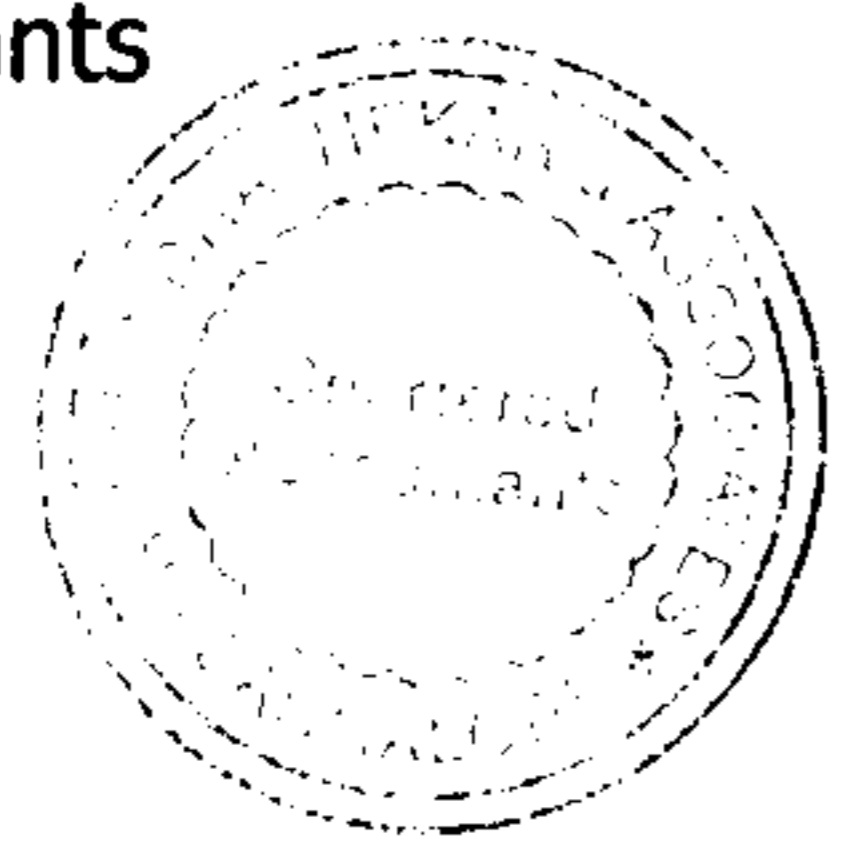
BANGALORE FORT FARMS LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

	2012		2011	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Loss After Tax		(3,193,667)		(6,678,394)
Provision for Taxation		-		690,065
Loss Before Tax		(3,193,667)		(5,988,329)
Depreciation	156,273		188,100	
Interest	1,280,106		1,150,534	
Loss on Sale of Assets	18,880		-	
	-----	1,455,259	-----	1,338,634
Operating Loss Before Working Capital Changes		(1,738,408)		(4,649,695)
Trade Receivables and Other Advances	140,376		22,530	
Inventory	43,011		2,231,928	
Trade Payables Other Current Liabilities	7,157,284		3,737,532	
	-----	7,340,671	-----	5,991,990
Cash Generated from Operation		5,602,263		1,342,295
Interest Paid		1,280,106		513,384
Net Cash from Operating Activities		4,322,157		828,911
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets		-		-
Sale of Fixed Assets		96,725		-
Net Cash from/used in Investing Activities		96,725		-
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Short Term Borrowings		(2,962,294)		-
Cash Credit Account		(1,142,332)		(743,543)
Term Loan		435,567		-
Net Cash from Financing Activities		(3,669,059)		(743,543)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		749,823		85,368
Cash and cash equivalent as on April 1, 2011		123,462		38,094
Cash and cash equivalent as on March 31, 2012		<u>873,285</u>		<u>123,462</u>

For R. CHANDRASHEKAR**AND ASSOCIATES**

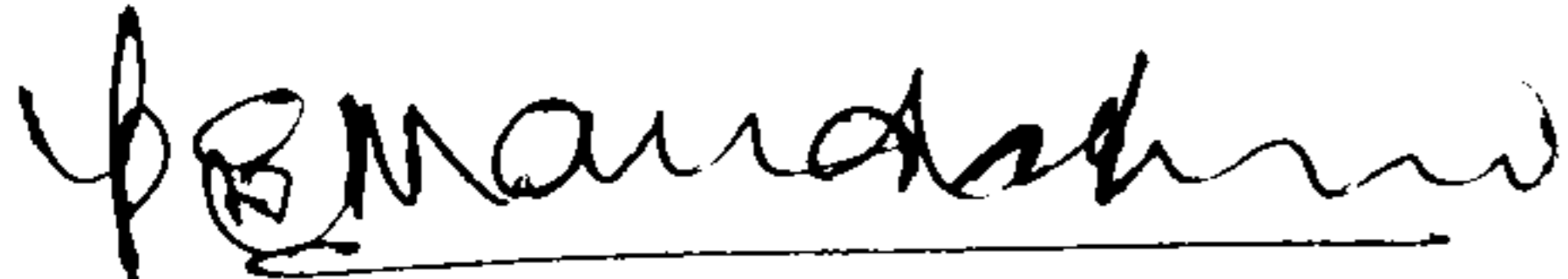
Firm Registration No. 006783S

Chartered Accountants

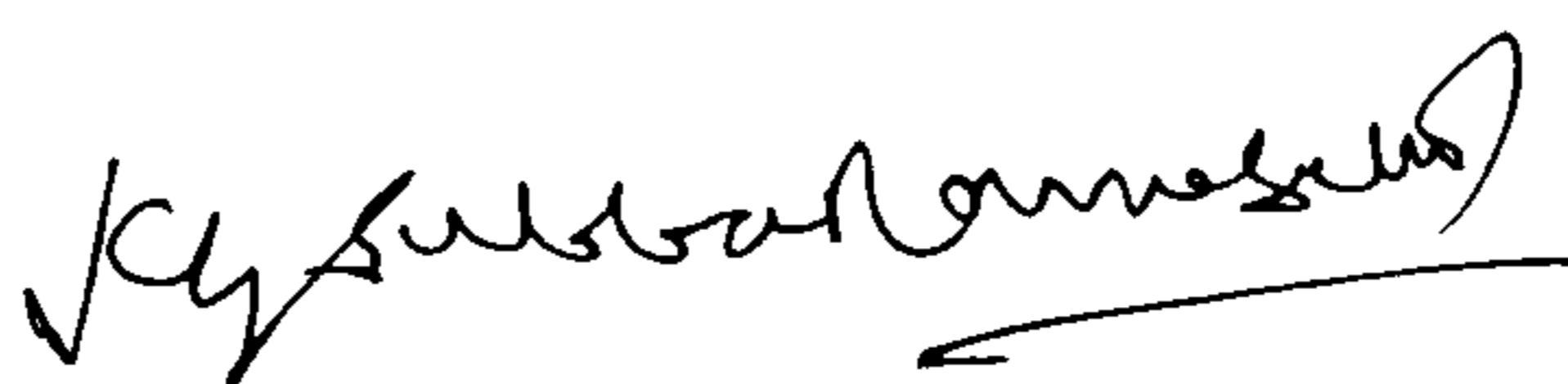


V. GANESH

Proprietor

Mem. No. 202995


P. S. NANDA KUMAR

Director


K. G. SUBBARAMA SETTY

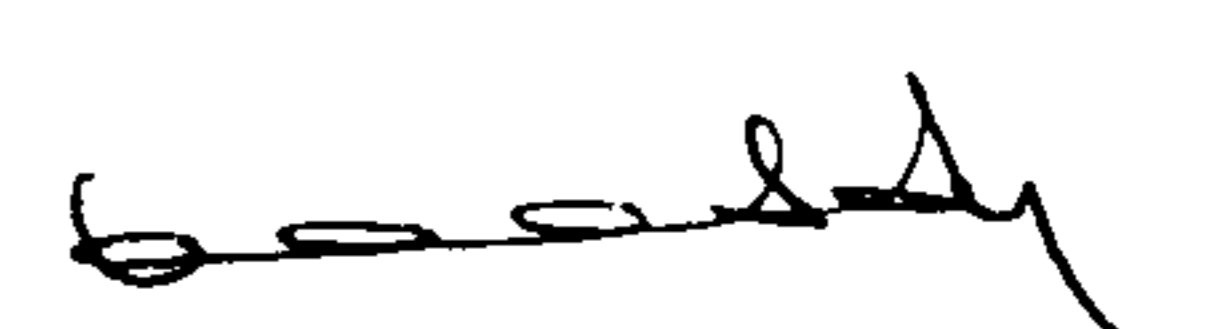
Chairman


J. MADHAVA SHARMA

Director


K. S. AKHILESH BABU

Managing Director


Dr. K. SUBBA REDDY

Director

Place : Bangalore

Date : August 17, 2012