

 **BANG OVERSEAS Ltd.**

ANNUAL REPORT

2010 - 2011



**THOMAS
SCOTT** 

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CORPORATE INFORMATION

BOARD OF DIRECTORS		
Mr. Venugopal Bang	Chairman	
Mr. Brijgopal Bang	Managing Director	
Mr. Viswanath Cheruvu	Independent Director	
Dr. Mithilesh Kumar Sinha	Independent Director	
Mr. Vijay Ajgaonkar	Independent Director	
COMPANY SECRETARY & COMPLIANCE OFFICER Ms. Jalpa Harshad Salvi		
STATUTORY AUDITORS M/s. Rajendra K. Gupta & Associates Room No. 3, Kshipra Society, Akurli Cross Road No. 1, Kandivali (East), Mumbai 400 101. Tel.: (022) 28874879 E-mail: rk.gupta@hawcoindia.com	PRACTISING COMPANY SECRETARIES M/s. Kothari H. & Associates 208, 2nd Floor, BSE Building, Dalal Street, Fort, Mumbai 400 001. Tel.: (022) 6637 7764 E mail: hiteshkotharics@yahoo.co.in	
INTERNAL AUDITORS FRG & Company, Chartered Accountants, Office no. 303, Ratan Galaxie, J. N. Road, Mulund (W), Mumbai 400080 E-mail: rajeshtiwari@frgglobal.com	BANKERS Bank of India Hongkong and Shanghai Banking Corporation Limited	
REGISTERED OFFICE Masjid Manor, II Floor, 16, Homi Modi Street, Fort, Mumbai 400 023. Tel.: (022) 22043496 Fax: (022) 2281 0379	CORPORATE OFFICE 405, Kewal Industrial Estate, Senapati Bapat Marg, Lower Parel (West) Mumbai 400 013. Tel.: (022) 66607965 Fax: (022) 66607970	
REGISTRAR & TRANSFER AGENT Karvy Computershare Private Limited Plot No. 17-24 Vitthal Rao Nagar, Madhapur, Hyderabad 500 081 Tel.: (91 40) 23431553 Email: Varghese@karvy.com		
Unit No. 1 NCC Plot No. 4, Apparel Park Auto Nagar, Vadlapudi, Visakhapatnam 530 046, India.	MANUFACTURING UNITS Unit No. 2 - FCC 19/2, 9th Main, Basavapura Village, Begur Hobli, Electronic City Post, Bangalore 560 100, India.	Unit No. 3 - RCC 204/2, Parvathi Plaza, Richmond Road, Bengaluru, Karnataka 560 025 India.
WAREHOUSES Rajlaxmi Commercial Complex, Gala No. O -10/11/12, Mane Farm House, Opp. Durgesh Park, Kalher Village, Bhiwandi 421 302.		
Rajlaxmi Commercial Complex, Gala No.: BD-102/103/107 Opp. Durgesh Park, Kalher Village, Bhiwandi 421 302.		
WEBSITE: www.banggroup.com		

BOARD OF DIRECTORS

MR. BRIJGOPAL BANG MANAGING DIRECTOR

Mr. Brijgopal Bang is Commerce Graduate and also completed Master of Management Studies (MMS) from Bombay University in the year 1992. He is the promoter and Managing Director of the Company. He has been actively involved in the business of the Company since incorporation and has played a key role in the growth of the Company with his inputs in strategic planning and business development. With his over 20 years of experience in textile & garment business, he introduced "Thomas Scott" brand and took initiatives to venture into retailing of our Company's apparel.

MR. VENUGOPAL BANG EXECUTIVE CHAIRMAN

Mr. Venugopal Bang is a Commerce graduate and completed Chartered Accountancy course in the year 1981. He is the promoter and Chairman of our Company. He started his career by joining his own family business of trading of paper and jute products, and also into investment / trading of securities in the capital market. In 1992, He along with Mr. Brijgopal Bang and others laid down the foundation of Bang Overseas Ltd and with his constant dedication have brought the Company to this echelon.

MR. VISWANATH CHERUVU NON-EXECUTIVE & INDEPENDENT DIRECTOR

Mr. Viswanath Cheruvu is a fellow member of the Institute of Chartered Accountants of India. He is a Practicing Chartered Accountant and partner in M/s. Cheruvu & Associates, Hyderabad. He has been practicing for over 25 years in the field of Taxation and Finance

DR. M. K. SINHA NON EXECUTIVE & INDEPENDENT DIRECTOR

Dr. M.K. Sinha is a Doctorate in Operation Research and has done his Masters in Mathematics. He retired as the Chairman & Managing Director of State Bank of India (SBI) in 1995 after serving the bank for almost 39 years. He Over his period of service with the SBI, he has been involved in critical areas like management audit, human resource & organizational development, foreign exchange, fund management, financial restructuring etc. He was a representative of SBI for the East European countries at Moscow for almost 4 years. He was on the Board of seven associate banks of SBI while working with the SBI.

MR. V.D. AJGAONKAR NON- EXECUTIVE & INDEPENDENT DIRECTOR

Mr. V.D. Ajgaonkar is CAIIB, M.Com and LL.B. He served State Bank of India from 1979 to 1995 in different capacities and from 1996 to 2000; he was on deputation to SBI Capital Markets Limited. After serving SBI Capital Markets Limited, in February, 2000 he joined Times Guarantee Financial Limited and served their till March, 2004. He has experience in project finance, and other related capital market activities.

DIRECTORS' REPORT

The Members of
BANG OVERSEAS LTD.

Your Director's present with immense pleasure, the **NINETEENTH ANNUAL REPORT** along with the Audited Statement of Accounts of the Company for the year ended 31st March 2011.

FINANCIAL HIGHLIGHTS

(Rs. In lacs)

Description	Stand Alone		Consolidated	
	Year Ended 31.03.11	Year Ended 31.03.10	Year Ended 31.03.11	Year Ended 31.03.10
Sales	14,267.71	12,893.31	17,243.40	16,230.70
Other Income	602.39	623.28	633.90	801.57
Total Expenditure	14,708.60	13,454.00	17,871.83	16,678.43
Earnings before Interest, Depreciation and Tax (EBIDT)	1,039.82	888.72	1,164.74	1,153.55
Less: Interest	392.24	392.76	416.89	422.08
Earning Before Depreciation And Tax (EBDT)	647.58	495.96	747.85	731.47
Less: Depreciation	154.52	150.10	159.57	170.78
Profit before Tax (PBT)	493.06	345.86	1,138.29	560.69
Less: Tax Provision (Current, Deferred, FBT and Earlier Year adjustment)	293.70	113.48	303.74	213.88
Profit after Tax (PAT)	786.76	232.38	834.55	346.81

PERFORMANCE REVIEW

Stand Alone

Your Company has achieved a turnover of Rs. 14267.71 lakhs for the year ended 31st March, 2011 gaining an increase of 10.65% over the previous year. Also, with the improved performance of the Company and comparatively higher, the EBIDT of the Company has gained a hike of 17%. Increase operations and business of the Company has also lead to an increase in the Total Expenditure of over 9% as compared to the previous year.

Profit after Tax has gained a tremendous hike from 232.378 lakhs in the previous year to Rs. 786.76 Lakhs in this year leading and recording an increase of over 238% increase.

Consolidated

The Consolidated Turnover of the Company has increased from Rs. 16230.70lakhs in the previous year to Rs. 17243.40 Lakhs this year leading to a 6.23% increase showing a steady and good performance by its Subsidiaries which has also lead to an increase in its Total Expenditure by 7.15% as compared to the previous year. Consolidated EBIDT of the Company has also slowly and steadily gained an increase from Rs. 1153.55 Lakhs to Rs. 1164.74 Lakhs (0.97% increase)

The Consolidated Profit after Tax of the Company has also resulted into an increase of 140.64% increase from Rs. 346.81 Lakhs to Rs. 834.55 Lakhs.

With the improved and steady performance of the Company, your Directors are hopeful of achieving even better results in the coming years.

UTILIZATION OF IPO FUNDS

Brief particulars of Public Issue fund utilization as per revised approved objects of the Issue up to 31st March, 2011 is as follows:

Particulars	Amount (Rs. In lac) Revised deployment of funds*	Amount (Rs. in Lac) Utilized
General Corporate Purpose	1,016.80	1,016.75
Setting up of Retail Stores & Brand Building	1063.00	1063.00
Setting up of Apparel Manufacturing Unit at Kolar District, Karnataka	0.25	0.25
Setting up Apparel Manufacturing unit in the state of Karnataka and Andhra Pradesh	1420.00	191.24
Setting up of Apparel Manufacturing unit at Visakhapatnam, Andhra Pradesh	1500.00	191.82
Entering into Joint Venture / Acquisition of existing set up in India or elsewhere, which are engaged in the similar business	750.00	124.31
Warehousing and logistic facilities	400.00	Nil
Setting up of Design, Display and Sampling unit	579.75	233.16
Share Issue Expenses	515.20	515.20
Total Fund Utilized	7245.00	3335.73
Balance fund kept in Fixed Deposit and units of Mutual Fund	Rs. 3909.27 Lakhs	

The unutilized monies of Rs. 3909.27 Lakhs have been parked in fixed deposits with scheduled banks and units of mutual funds.

***The Company has amended the Objects of utilization of IPO Proceeds at its Annual General Meeting of its members held on 30th September 2009 by way of a Special Resolution. The Company has also proposed to modify the objects of the issue, reallocate the Unutilized issue Proceeds and have proposed a resolution to be passed by the members of the Company for reasons as detailed in the Notice calling the Annual General Meeting.**

DIVIDEND AND TRANSFER TO RESERVES

Your Company is undertaking some expansion plans and in order to meet the financial requirements for these plans, your Director's propose to plough back the profits and do not recommend any dividend for the year 2011-12. No amount is proposed to be transferred to Reserves.

The Register of Members and Share Transfer Books will remain closed from 28th September, 2011 to 30th September, 2011, both days inclusive. The Annual General Meeting of the Company will be held on 30th September, 2011.

BUSINESS & OPERATIONS:

DOMESTIC:

SPECIAL ECONOMIC ZONE

The Civil Construction for setting up of a unit of manufacturing of garments at the Visakhapatnam Special Economic Zone (VSEZ) has been completed and the finishing work with respect to the same is in process. The projected capacity of the unit is 180000 garment pcs per annum. The commencement of the operations at the Manufacturing unit is scheduled to be initiated by the Month of September, 2011.

Your Company has also signed a Memorandum of Understanding and is also done with the fabricated construction at Visakhapatnam (APIDC) on a 1 (one) acre plot of APIDC for Manufacturing and Logistics Activities.

DEMERGER

During the financial year, your Company has incorporated a wholly owned subsidiary called as Thomas Scott (India) Limited on October 22, 2010 in order to receive the retail Division of your Company. The Hon'ble High Court of Judicature of Bombay has approved the Scheme of Demerger of the Retail Division of Bang Overseas Ltd. ("The Demerged Company") into M/s. Thomas Scott (India) Limited ("the Resulting Company") vide its Order dated July 22, 2011 and the same has been filed with the Registrar of Companies, Maharashtra on August 05, 2011.

Pursuant to which, Allotment of 33, 90,000 Equity Shares of Rs. 10/- each fully paid up of the Resulting Company has been considered and approved by the Board of Directors of the Resulting Company on August 29, 2011 as per the Share Exchange Ratio as mentioned in the Scheme (1 Equity Shares of the Resulting Company of Rs. 10/- against every 4 Equity Shares of Rs. 10/- each fully paid up of the Demerged Company). The Company is in process of completing further formalities with respect to the same.

DISINVESTMENT IN THE AQUARELLE JOINT VENTURE

Your Company had disinvested 10,00,000 Equity Shares of Rs. 10/- each consisting of 50% (fifty percent) shareholding in Aquarelle India Private Limited, a 50:50 Joint Venture of the Company, by way of transfer/sale of its holding to Aquarelle International Limited.

ACQUISITION:

Your Company is in the process of acquiring a Part IX Company called "A. S. Raiment Private Limited" which is into Shirt Manufacturing Textile Business at Visakhapatnam, Andhra Pradesh and have completed all the necessary Documentation Work/Formalities with respect to the same. The entire process is planned to be successfully completed by the end of October, 2011.

GARMENT MANUFACTURING UNIT

Your Company has initiated a Garment Manufacturing Unit called as "Bang & Scott (a Div. of Bang Overseas Limited)" admeasuring more than 1 (one) acre property (50,000 sq. feet build up area approx) in the heart of Whitefield at Bangalore as a means to increase its Manufacturing capacity. Moreover, this has a ready building admeasuring more than 55000 square feet.

Also, Your Company has also signed a Memorandum of understanding to purchase the premises at Doddaballapur, Karnataka, a renowned place for Garment Industries for setting up an Apparel Manufacturing & Logistics Unit.

OVERSEAS INVESTMENTS/ACQUISITIONS:

Your Company has incorporated 2 (Two) Wholly Owned Subsidiaries namely Bang Europa S. R. O. at Slovakia and Bang HK Limited at Hong Kong in order to expand its business activities and establish a place in International Market by way of formation and acquisition of business set up abroad.

Your Company has entered into a Joint Venture with a Leading Fashion Group at Macedonia through its Wholly Owned Subsidiary so as to enable the expansion of its business overseas even on a larger scale.

Bang Europa, s.r.o., your Company's wholly owned subsidiary, situated at Slovakia has incorporated its wholly owned subsidiary and has invested in the aforesaid Company named as 'Bang & Scott' at Macedonia for the manufacturing and import-export business of garments. Also, Bang Europa, s.r.o. has taken up the Management & Business of a Macedonian Company which is into the business of Garments and in future, plans to acquire the Land & Building of the aforesaid Company.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the applicable Accounting Standards AS 21 on Consolidated Financial Statements read with AS 23 on Accounting of Investments in Associates, your Director's provide the Audited Consolidated Financial Statements in this Annual Report.

Business Outlook, Operations and Performance are discussed in detail in the Management Discussion & Analysis forming a part of this Report and have not been incorporated here to avoid repetition.

SUBSIDIARY COMPANIES:

As on March 31, 2011, the Company has following subsidiaries:

1. Thomas Scott (India) Limited
2. Vedanta Creations Limited
3. Bang Europa S.R.O
4. Bang HK Limited

In terms of the general exemption granted by the Central Government vide their General Circular No.2/2011 dated 8th February 2011 under Section 212(8) of the Companies Act, 1956, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

DIRECTOR'S

In terms of the provisions of Sections 255 and 256 of the Companies Act, 1956 and the Articles of Association of the

Company, Mr. Viswanath Cheruvu and Mr. M. K. Sinha retire by rotation at the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment. Brief resumes of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas and names of companies in which they hold Directorships and Memberships /Chairmanships of Board Committees, as stipulated in Clause 49 of the Listing agreement with the Stock Exchanges are provided as an attachment of the notice calling the Annual General Meeting.

STATUTORY AUDITORS

M/s. Rajendra K. Gupta & Associates, Chartered Accountants, the retiring Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received a confirmation 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 and that they are not disqualified for such reappointment within the meaning of Section 226 of the said Act.

M/s. Rajendra K. Gupta & Associates, Chartered Accountants retire at the ensuing Annual General Meeting and according to a certificate received from them under Section 224(1B) of the Companies Act, 1956 are eligible for re-appointment. Your Directors recommend their re-appointment as the Statutory Auditors of the Company.

AUDITOR'S REPORT

The observations made in the Auditor's Report, read together with the relevant notes thereon are self-explanatory and hence, do not call for any comments under Section 217 of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with (Particulars of Employees) Rules 1975 as amended, the names and other particulars are required to be set out in the Annexure to the Directors' Report.

However, having regard to the provisions of Section 219(1) (b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

FIXED DEPOSITS

During the year under review, the Company has not accepted any Deposit under Section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975. As such, no amount of Principal or Interest is outstanding as on the Balance Sheet Date.

LISTING

At present, the Company's Equity Shares are listed at National Stock Exchange of India Limited and Bombay Stock Exchange Limited and the Company has paid the Listing fees to the above Exchanges for the year 2011-12.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT AND INNOVATION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information relating to conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of the Particulars in the Report of Board of Directors) Rules, 1988 is given by way of Annexure I to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Director's make the following statement in terms of Section 217(2AA) of the Companies Act, 1956:

- i. that in the preparation of Annual Accounts for the financial year 2010-11, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors have prepared the Annual Accounts on a going concern basis.