

BANG OVERSEAS LIMIED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Venugopal Bang
 Mr. Brijgopal Bang
 Mr. Viswanath Cheruvu
 Dr. Mithilesh Kumar Sinha
 Mr. Vijay Ajgaonkar

Chairman
 Managing Director
 Independent Director
 Independent Director
 Independent Director

COMPANY SECRETARY

Mrs. Kavita Lunawat

COMPLIANCE OFFICER

Mr. Jaydas Dighe

STATUTORY AUDITORS

M/s Rajendra K Gupta & Associates
 Room No.3, Kshipra Society,
 Akrurli Cross Road No-1,
 Kandivali (E),
 Mumbai : 400 101,
 Tel : (022) 28874879
 E mail : rk.gupta@hawcoindia.com

PRACTISING COMPANY SECRETARIES

M/s Kothari H & Associates
 40-A, Shanker Seth Building,
 380, J. S. S Road,
 Chira Bazar,
 Mumbai: 400 002
 Tel : (022) 6637 7764
 E mail : hiteshkotharics@yahoo.co.in

REGISTERED OFFICE

Masjid Manor, IInd floor,
 16 Homi Modi Street, Fort, Mumbai-400 023.
 Tel.: (022)2204 3496
 Fax.: (022)2281 0379
 Website.: www.banggroup.com

CORPORATE OFFICE

405, Kewal Industrial Estate, 1st Floor,
 Senapati Bapat Marg, Lower Parel (West),
 Mumbai-400 013, India.
 Tel.: 91-22-6660 7965
 Fax.: 91-22-6660 7970

REGISTRARS & TRANSFER AGENTS

Karvy Computershare Private Limited
 Plot no. 17-24 Vittal Rao Nagar,
 Madhapur, Hyderabad 500081
 Tel: (91 40) 2343 1553
 Fax: (91 40) 2343 1551
 Website: www.karvy.com

BANKERS

1. ING Vysya Bank Ltd
2. Hongkong and Shanghai Banking Corporation Limited

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NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of **BANG OVERSEAS LIMITED** will be held on Thursday, 30th September 2010 at 10:00 A.M. at Maheshwari Bhavan, 603, Jagannath Shankar Seth Road, Mumbai- 400 002 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors & Auditors thereon.
2. To appoint a Director in place of Mr. Venugopal Bang, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Vijay Ajgaonkar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Rajendra K Gupta & Associates, Chartered Accountants as the statutory auditors of the Company and to authorize the Board/Audit Committee to fix their remuneration.

By Order of the Board of Directors

Kavita Lunawat
Company Secretary

Place: Mumbai
Date: 1st September 2010

Registered Office:
Masjid Manor, 2nd Floor,
16 Homi Modi Street,
Fort, Mumbai- 400 023

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
 2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 24th September, 2010 to Thursday, 30th September, 2010 (both days inclusive).
 3. The Members are requested to notify their change of address immediately to the Registrars & Transfer Agent Karvy Computershare Private Limited. Members holding shares in dematerialized form are requested to intimate any change in their address, bank details, etc. to their respective Depository Participants.
 4. Equity shares of the Company are under compulsory demat trading by all investors. Those shareholders who have not dematerialised their shares are advised to dematerialise their shareholding, to avoid inconvenience in future.
 5. Members/Proxy Holders are requested to bring their copy of Annual Report and attendance slip sent herewith duly filled in to the Annual General Meeting.
 6. Members intending to seek explanation / clarification about the accounts at the meeting are requested to inform the Company at least a week in advance of their intention to do so, so that relevant information may be made available, if the Chairman permits such information to be furnished.
 7. Members are requested to intimate their Email IDs for correspondence and quicker response to their queries.
 8. A body corporate being a member shall be deemed to be personally present at the meeting if represented in accordance with the provisions of Section 187 of the Companies Act, 1956.
 9. Members can also address their queries to the Company at investors@banggroup.com.
 10. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 11. Members, who hold shares in dematerialized form, are requested to bring their depository account number for
- 2 18th Annual Report_____

11. ADDITIONAL INFORMATION OF DIRECTORS BEING APPOINTED / RE-APPOINTED AT THE ANNUAL GENERAL MEETING AS PER CLAUSE 49 OF THE LISTING AGREEMENT.

The details pertaining to directors liable to retire by rotation as required to be provided pursuant to clause 49 of the listing agreement with Stock Exchanges is as follows:

Name of Director	Mr. Venugopal Bang	Mr. Vijay Ajgaonkar
Date of Birth	02/06/1954	26/12/1943
Date of Appointment	01/06/1992	04/02/2005
Expertise in specific function area	Business of trading of paper and jute products, investment / trading of securities in the capital market and handling finance and operation of the Companies	Project finance, and other related capital market activities
Qualifications	Chartered Accountant	CAIIB, M.Com and LL.B.
Directorships held in other Indian public limited companies as on 31st March 2010	Vedanta Creations Limited Aquarelle India Private Limited Bang Data Forms Private Limited	Jhaveri Flexo India Limited Fortress Financial Services Limited Fortress Capital Management Services Private Limited Vipul Impex and Infrabuild Limited
Chairman / Member of the Committee of Board of Directors of the Company as on 31st March, 2010	Member of Shareholders'/ Investors Grievance Committee Member of Management and Finance Committee	Chairman of Remuneration Committee Member of Audit Committee Member of Shareholders'/ Investors Grievance Committee
Chairman / Member of Committees of Board of Directors of other Indian public limited Companies as on 31st March, 2010	Nil	Member of Audit Committee of Jhaveri Flexo (India) Ltd.
No. of Shares held in the Company as on 31st March, 2010	Nil	115

DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting their **EIGHTEENTH ANNUAL REPORT** along with the Audited Accounts of the Company for the year ended 31st March 2010.

FINANCIAL HIGHLIGHTS

(Rs. In lacs)

Description	Stand Alone		Consolidated	
	Year Ended 31.03.10	Year Ended 31.03.09	Year Ended 31.03.10	Year Ended 31.03.09
Sales	12,893.31	13,734.16	16230.70	16,524.09
Other Income	623.28	376.96	801.57	356.64
Less: Total Expenditure	12,627.87	13,567.72	15878.72	16,200.36
Earnings before Interest, Depreciation and Tax (EBIDT)	888.72	543.40	1153.55	680.37
Less: Interest	392.76	355.85	422.08	414.52
Earning Before Depreciation And Tax (EBDT)	495.96	187.55	731.47	265.85
Less: Depreciation	150.10	158.90	170.78	164.64
Profit before Tax (PBT)	345.86	28.65	560.69	101.21
Less: Tax Provision (Current, Deferred, FBT and Earlier Year adjustment)	113.48	(43.85)	213.88	(18.56)
Profit after Tax (PAT)	232.38	72.50	346.81	119.77

PERFORMANCE REVIEW

Stand Alone

Your Company has achieved a turnover of Rs.12893.31 Lacs for the year ended 31st March, 2010 lower by 6.12% p.a. as compared to the previous year turnover of Rs.13734.16 Lacs. It was due to lower production and sales, as one of the manufacturing units of the company was transferred to its 50:50 Joint Venture company, Aquarelle India Private Limited. Further efficient management of various costs of the company, foreign exchange gain, accompanied with reduction in cost related to transfer unit resulted in Profit Before Tax at Rs. 345.86 Lacs, 1107.19% p.a. higher as compared to PBT of Rs. 28.65 Lacs for the previous year. Your company is in the process of expanding its manufacturing capacities to compensate the loss of production and sales on account of transfer of its manufacturing units.

Profit After Tax has also increased from Rs. 72.50 Lacs to Rs.232.38 Lacs this year, mainly due to better margins and better cost management policies of the company.

Consolidated

While Consolidating, your companies has also considered the financials of its 50:50 Joint Venture company, Aquarelle India Private Limited (AIPL) and its subsidiary Vedanta Creations Limited. During the year under review, Consolidated Turnover more or less remained constant due to transfer of manufacturing units of the company to AIPL. However better margins, foreign exchange gains along with considerable reduction in employee cost resulted in the positive growth of consolidated Profit Before Tax i.e. from Rs. 101.21 Lacs for the year ended 31st March 2009 to Rs. 560.69 Lacs for the current years, a growth rate 453.99% p.a. Consequently, the Consolidated profit after tax of the Company grew @ 189.56% p.a. from Rs. 119.77 Lacs in the year 2008-09 to Rs. 346.81 Lacs in the year 2009-10.

UTILIZATION OF IPO FUNDS

Brief particulars of Public Issue fund utilization upto 31st March, 2010 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	1,063.00	1,063.00
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	Nil
Setting up of Apparel Manufacturing unit at Visakhapatnam, Andhra Pradesh	1,500.00	152.33
Entering into Joint Venture / Acquisition of existing set up in India or elsewhere, which are engaged in the similar business	750.00	Nil
Warehousing and logistic facilities	400.00	Nil
Setting up of Design, Display and Sampling unit	579.75	162.43
Share Issue Expenses	515.20	515.20
Total Fund Utilized	7,245.00	2,909.96
Balance fund kept in Fixed Deposit and units of Mutual Fund	Rs. 4,335.04 Lakhs	

The unutilized monies of Rs. 4335.04 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.

DIVIDEND AND TRANSFER TO RESERVES

Your Company is undertaking some expansion plans and in order to meet the financial requirements of these plans, your directors propose to plough back the profits and do not recommend any dividend for the year 2009-10. No amount is proposed to be transferred to reserves.

The register of members and share transfer books will remain closed from 24th September, 2010 to 30th September, 2010 both days inclusive. The Annual General Meeting of the Company will be held on 30th September, 2010.

SPECIAL ECONOMIC ZONE

Your Company has commenced the civil construction for setting up of a unit of manufacturing of garment in the Visakhapatnam Special Economic Zone (VSEZ). Civil construction has been scheduled to be completed by the end of the September 2010. The projected capacity of the unit is 180000 garment pcs per annum.

OVERSEAS INVESTMENTS/ACQUISITIONS

Your Company has planned to expand its business activities by way of formation and acquisition of business set up abroad. As one of the step towards its expansion plan, company is in the process of obtaining the approval of Reserve Bank of India for making investment in Slovakia and Hong Kong.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the applicable accounting standards AS 21 on Consolidated Financial Statements read with AS 27 on Accounting of Investments in Associates, your Directors provide the audited Consolidated Financial Statements in the Annual Report.

Business outlook, operations and performance are discussed in detail in the Management Discussion & Analysis forming part of this Report and have not been incorporated here to avoid repetition.

SUBSIDIARY COMPANY

As per the provisions of Section 212 of the Companies Act, 1956, the audited statement of accounts of the Subsidiary Company is annexed to the Annual Report of the Company.

DIRECTORS

In terms of the provisions of Sections 255 and 256 of the Companies Act, 1956 and the Articles of Association of the company Mr. Venugopal Bang and Mr. Vijay Ajgaonkar retire 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.

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 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.

The members are recommended to re-appoint them as the auditors of the Company.

AUDITOR'S REPORT

The observations made in the Auditors' 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 Director's 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 exchange for the year 2010-11.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, 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

The Board of Directors Report:

- i. that in the preparation of Annual Accounts for the financial year 2009–10, 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.

CORPORATE GOVERNANCE

Your company follows the principles of effective corporate governance practices.

A report on the Corporate Governance, Practicing Company Secretary's certificate on compliance of Corporate Governance, and "Management Discussion and Analysis" giving details of the Company's business and operating results are annexed as a part of the Annual Report for the information of the shareholders. The Company has obtained the requisite certificate from the Managing Director of the Company. The Managing Director's declaration regarding compliance with Company's Code of Conduct for Directors and Senior Management personnel forms part of report on Corporate Governance.

TRANSFER OF UNPAID / UNCLAIMED AMOUNTS TO INVESTOR EDUCATION PROTECTION FUND (IEPF)

During the year there were no amounts which remained unpaid / unclaimed for a period of 7 years and which were required to be transferred by the company to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

TRANSFER OF UNCLAIMED SHARES TO SUSPENSE ACCOUNT

Company is in the process of opening a Demat Suspense Account with one of the Depository Participant. As soon as the account is opened, the unclaimed shares shall be credited to the same.

ACKNOWLEDGEMENT

Your Directors take this opportunity to gratefully acknowledge the support and co-operation received from its Bankers, all stakeholders and investors including for their continued patronage and confidence reposed in the company.

The Directors would like to express their thanks for the sincere hard work and dedication of every employee leading to impressive results of your company. The Board is confident that with the employees' continued enthusiasm, initiative and dedicated efforts, your company could face the new challenges and opportunities arising out of the competition.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
VENUGOPAL BANG
CHAIRMAN

PLACE: Mumbai

DATE: 1st September 2010

Annexure I to the Director Report

Statement Pursuant to Section 217 (1) (e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

(a) Conservation of Energy

The Company is taking all steps necessary to minimize energy consumption

Form for Disclosure of Particulars with respect to Conservation of Energy

A. Power and fuel consumption

	Current year	Previous year
1. Electricity		
(a) Purchased		
Unit	89256.00	542847.80
Total Amount	455366.00	2769085.00
Rate/unit	5.10	5.10
(b) Own generation		
i) Through Diesel generator unit		
Unit	13324.59	1613.88
Units per ltr. Of Diesel Oil	3.00	3.17
Cost/ unit	12.81	12.38
ii) Through Steam turbine/ generator		
Units	Nil	Nil
Units per ltr. of fuel oil/ gas	Nil	Nil
Cost/ units	Nil	Nil
2. Coal		
Quantity (tonnes)	Nil	73235
Total Cost	Nil	279447
Average Cost	Nil	Rs.4000/- per ton
3. Furnace Oil		
Quantity	Nil	Nil
Total Amount	Nil	Nil
Average rate	Nil	Nil
4. Others / internal generation		
Quantity	Nil	Nil
Total Cost	Nil	Nil
Rate/ unit	Nil	Nil

B. Consumption per unit of production

	Standards(if any)	Current year	Previous year
		2	2
Electricity (generated)	-	0.06 KWH Per piece	0.06 KWH Per piece
Furnace oil	-	Nil	Nil
Coal (specify quantity)	-	0.07 ton per piece	0.07 ton per piece
Others (specify)	-	Nil	Nil

(b) Technology Absorption

Constant efforts are made towards technology up gradation to improve quality of the products manufactured by the Company.

(c) Foreign Exchange Earning and Outgo

i) Earning in Foreign Exchange Rs. 1765.88 lacs

ii) Outgo of Foreign Exchange Rs. 4615.40 lacs

REPORT ON CORPORATE GOVERNANCE

The report on Corporate Governance, for the financial year April 1, 2009 to March 31, 2010 as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

1. PHILOSOPHY OF CORPORATE GOVERNANCE:

Your Company operates for the benefit of all its stakeholders, including shareholders, customers, lenders, creditors and the community and conducts its business in a transparent, ethical and fair manner. At Bang, the Corporate Governance is not an end in itself but a catalyst in the process towards maximization of shareholder value.

It is the company's belief that good ethics make good business sense and our business practices are in keeping with the spirit of maintaining the highest level of ethical standards. In so far as compliance of Clause 49 of the Listing Agreement with the Stock Exchanges is concerned, the company has complied in all material respects with the requirements of Corporate Governance specified in the Listing Agreement with Bombay Stock Exchange Ltd. and National Stock Exchange of India Limited.

2. BOARD OF DIRECTORS

a) *Composition*

The Board of Bang Overseas Limited (BOL) has an optimum combination of executive, non-executive and Independent Directors. The Chairman being an Executive Director, as per Listing Agreement, the Company should have minimum three (3) Independent Directors. As on 31st March 2010, the Board comprised of five (5) Directors, out of which two (2) were executive and three (3) were independent Directors. There is no institutional nominee on the Board. Details of Directors retiring by rotation and their brief particulars are provided in the corporate governance report.

<i>Category</i>	<i>Name of Director</i>
Promoter / Chairman-Executive	Mr. Venugopal Bang
Promoter / Managing Director	Mr. Brijgopal Bang
Non Executive and Independent Director	Mr. Viswanath Cheruvu
Non Executive and Independent Director	Dr. Mithilesh Kumar Sinha
Non Executive and Independent Director	Mr. Vijay Ajgaonkar

Pursuant to the provisions of the Companies Act 1956, Mr. Venugopal Bang and Mr. Vijay Ajgaonkar, retire by rotation and being eligible, offer themselves for re-appointment.

None of the Directors on the Company's Board is a member of more than ten committees and Chairman of more than five committees across all the companies in which he is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies. Also none of the Directors on board hold the office of Director in more than 15 companies.

The requisite information as enumerated in Annexure IA to Clause 49 of the Listing Agreement is being made available to the Board for discussion and their consideration. The maximum time gap between two Board meetings did not exceed 4 months.

b) *Board Procedure*

The directors of the Company are informed about the agenda of the Board Meetings and committee meetings, containing relevant information/ supporting data, as required well in advance, to enable the Board to take informed decisions. Statutory Auditors are also requested to attend the Board or committee meeting as and when required. When deemed expedient, the Board also approves by circular resolution important items of business which are permitted under the Companies Act, 1956, and which can not be deferred till the next Board Meeting.

Matters discussed at Board Meeting generally relate to Company's performance, quarterly results of the Company, utilization of IPO Proceeds, approval of related-party transactions, general notice of interest of Directors, review of the reports of the internal auditors, Audit Committee and compliance with their recommendation, suggestion, compliance of any regulatory, statutory or listing requirements, etc.

c) *Number of Board Meetings:*

During the year, Five Board meetings were held. These were on 4th May 2009, 29th June 2009, 30th July 2009, 30th October 2009 and 30th January, 2010.

d) Director's Attendance Record and Directorships:

Name of Director	Category	No. of meetings held	No. of meetings attended	Whether attended last AGM	No. of directorships of public limited companies	No. of Shares held in the Company
Mr. Brijgopal Bang (Managing Director)	Promoter Director	5	5	Yes	1	15,21,000
Mr. Venugopal Bang (Chairman)	Promoter Director	5	5	Yes	1	27,06,600
Mr. Viswanath Cheruvu (Independent Director)	Non Executive Director	5	2	Yes	1	Nil
Dr. Mithileshkumar Sinha (Independent Director)	Non Executive Director	5	5	No	6	Nil
Mr. Vijay Ajgaonkar (Independent Director)	Non Executive Director	5	5	Yes	3	115

e) Information Supplied to the Board

Among others, information supplied to the board includes:

- Quarterly results of the company and its operating divisions,
- Minutes of meetings of Audit Committee and other Committees,
- Materially important show cause, demand, prosecution and penalty notices,
- Fatal or serious accidents or dangerous occurrences,
- Any materially relevant default in financial obligations to and by the company,
- Any issue which involves possible public or product liability claims of a substantial nature,
- Details of any joint venture or collaboration agreement,
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business,
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement; and
- Non-compliance of any regulatory, statutory or listing requirements

The Board is presented with detailed notes along with the agenda papers well in advance of the meeting.

f) Directors with Materially Pecuniary or Business Relationship with the Company

There have been no materially pecuniary transactions or relationship between the Company and its non-executive and/or independent Directors during the year 2009-10.

3. CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct (copy available on Company's website), applicable to all Board Members and Senior Executives of the Company. All the Board Members and Senior Management Personnel have confirmed compliance with the code. A declaration by Managing Director affirming the compliance of the Code of Conduct by Board Members and Senior Management Executives is annexed at the end of the Report.

4. AUDIT COMMITTEE

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting progress with a view to ensuring accurate, timely, proper disclosures & transparency, integrity and quality of financial reporting.

a) Composition

The Audit Committee of the Company consists of qualified and non-executive Directors.

Sr. no.	Name of the Director	Designation
1	Mr. Viswanath Cheruvu, Non-Executive Independent Director	Chairman
2	Dr. Mithilesh Kumar Sinha, Non-Executive Independent Director	Member
3	Mr. Vijay Ajgaonkar, Non-Executive Independent Director	Member

b) Terms of Reference

The role and terms of reference of the Audit Committee cover the matters specified for Audit Committees under Clause 49 of Listing Agreement as well as in Section 292A of the Companies Act, 1956.

c) Meetings and Attendance during the year 2009-10

Audit Committee met 5(Five) times during the year 2009–10 on 4th May 2009, 29th June 2009, 30th July 2009, 30th October 2009 and 30th January 2010 and the attendance record is as per the table given below:

Name of the Director	Number of meetings	Meeting attended
Mr. Viswanath Cheruvu	5	2
Dr. Mithilesh Kumar Sinha	5	5
Mr. Vijay Ajgaonkar	5	5

At the invitation of the Company, representatives from various divisions of the Company, internal auditors, and statutory auditors also attended the Audit Committee meetings to respond to queries raised at the Committee meetings.

d) Internal Auditors

The Company appointed Rajesh Tiwari, practicing Chartered Accountant as Internal Auditor for the financial year 2009–10 to review the internal control systems of the Company and to report thereon. The report of the Internal Auditor is reviewed by the Audit Committee.

5. SHARE TRANSFER CUM SHAREHOLDERS'/INVESTOR'S GRIEVANCE COMMITTEE

The share transfer cum shareholders'/investor's grievance Committee specifically looks into the transfer of shares and related matters and redressing complaints of share holders and investors such as transfer of shares, non- receipt of balance sheet, non-receipt of declared dividends and Dematerialization of shares and other related matters.

a) Composition

The committee comprises of the following members:

Sr. no.	Name of the Director	Designation
1	Mr. Vijay Ajgaonkar, Non-Executive Independent Director	Chairman
2	Mr. Brijgopal Bang, Managing Director	Member
3	Mr. Venugopal Bang, Chairman and Executive Director	Member

b) Terms of Reference

The share transfer cum shareholders'/investor's grievance Committee particularly ensures the efficient transfer / transmission of shares and debentures, redressal of shareholder and investor complaints, issue of duplicate / split / consolidated share certificates and such other matters as entrusted to it at the Board meeting of the Company dated 4th May 2009.

c) Meetings of the Committee for 2009-2010

Share Transfer cum Shareholders/ Investors Grievance Committee met 6 (Six) times during the year 2009–10 on 4th May 2009, 25th May, 2009, 4th June 2009, 30th July 2009, 30th October 2009 and 30th January 2010 and the attendance record is as per the table given below:

Name of the Director	Number of meetings	Meeting attended
Mr. Venugopal Bang*	5	5
Mr. Viswanath Cheruvu**	1	1
Dr. Mithilesh Kumar Sinha	6	6
Mr. Vijay Ajgaonkar	6	6

* appointed as a member of the committee with effect from 4th May, 2009

** discontinued as a member of the committee with effect from 4th May, 2009

d) Complaints

Details of Investor Complaints received during the financial year ended 31st March 2010 are as follows:

Nature of Complaint Received	Beginning of year	Received During The year	Resolved During the year	Pending at the end of year
Application lodged for IPO	0	0	0	0
Non-receipt of Electronic credit	0	2	2	0
Non-receipt of Refund Order	0	0	0	0
TOTAL	0	2	2	0

6. REMUNERATION COMMITTEE

a) Composition

The Remuneration Committee of the Board consists of the following directors:

Sr. no.	Name of the Director	Designation
1	Dr. Mithilesh Kumar Sinha, Non-Executive Independent Director	Chairman
2	Mr. Vijay Ajgaonkar, Non-Executive Independent Director	Member
3	Mr. Viswanath Cheruvu, Non-Executive Independent Director	Member

b) Terms of Reference

The general objective of the remuneration committee is to broadly review and approve remuneration packages for senior management personnel including the Managing Director.

c) Meeting

The remuneration committee met once on 30th January 2010 during the financial year 2009-10 and the attendance record is as per the table given below:

Name of the Director	Number of meetings	Meeting attended
Dr. Mithilesh Kumar Sinha	1	1
Mr. Vijay Ajgaonkar	1	1
Mr. Viswanath Cheruvu	1	1

d) Remuneration

During the financial year remuneration paid to Directors is given below:

(Amount in Rs)

Name of Director	Sitting Fees	Salaries and perquisites	Commission	Total
Mr. Venugopal Bang	Nil	Nil	Nil	Nil
Mr. Brijgopal Bang	Nil	24,00,000	Nil	24,00,000
Mr. Viswanath Cheruvu	10,000	Nil	Nil	10,000
Dr. Mithilesh Kumar Sinha	50,000	Nil	Nil	50,000
Mr. Vijay Ajgaonkar	25,000	Nil	Nil	25,000

e) Remuneration Policy

The remuneration policy approved by the Board of Directors, inter alia, provides that the salary & commission to executive directors and Sitting Fee & Commission to non- executive directors should not exceed limits prescribed under the Companies Act, 1956.

No Sitting Fee to be paid to executive directors for attending the Board / Committee meetings.

7. GENERAL BODY MEETINGS

a) *Date, time and venue for the last three Annual General Meetings (AGM)*

Financial year	Date	Time	Venue
2006-07	28/9/2007	11.00 A.M.	Registered office of the Company
2007-08	29/9/2008	11.00 A.M.	Maheshwari Bhavan, 603, Jagannath Shankar Sheth Road, Mumbai- 400 002
2008-09	30/9/2009	10.00 A.M.	Maheshwari Bhavan, 603, Jagannath Shankar Sheth Road, Mumbai- 400 002

b) *Details of the Special Resolutions passed in the previous three AGMsv*

Special Resolutions

AGM held on September 28, 2007: No Special Resolution was passed.

AGM held on September 29, 2008: No Special Resolution was passed.

AGM held on September 30, 2009: At this meeting, two Special Resolutions were proposed, seconded and passed with more than three-fourths majority on show of hands. First special resolution was with regard to maintaining the Register and Index of Members of the company with M/s. Karvy Computershare Private Limited, Registrar and Transfer Agents at their office situated at 7, Andheri Industrial Estate, Off Veera Desai Road, Andheri (West), Mumbai - 400 05 and the second resolution was pertaining reallocation of balance unutilized proceeds of IPO of the Company .

Resolution passed through postal ballot

(c) *Postal ballot*

No resolutions were required to be put through postal ballot last year. Presently there are no proposals to pass any resolution by postal ballot.

8. DISCLOSURES

(i) *Disclosure regarding materially significant related party transaction: -*

The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. There are no materially significant related party transactions which have potential conflict with the interest of the company at large. Details on material significant related-party transactions are given in the appended financial statement under Notes to the Accounts annexed to the financial statements.

(ii) *Details of Non-Compliance*

No penalties or strictures have been imposed on the company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital market except the following:

Sr. No.	Nature of Non-compliance	Nature of penalty	Amount (In Rs.)	Name of Authority passing the order
1	Non compliance of provisions of Section 215 of the Companies Act, 1956 for the financial year 2006-07	Compounding fees	5,000	Company Law Board, Western Region Bench
2	Non-compliance of provisions of Section 297 of the Companies Act, 1956 for the financial year 2005-06, 2006-07, 2007-08, 2008-09.	Compounding fees	32,500	Regional Director, Western Region, Ministry of Corporate Affairs

iii) *Whistle-blower policy*

Company has not framed yet Whistle Blower policy but no personnel has been denied access to the audit committee.

iv) *Disclosure of Accounting Treatment in the preparation of the financial statement*

The Company has followed accounting standards issued by the Institute of the Chartered Accountants of India, to the extent applicable.

v) Disclosure by Management to the Board

All disclosure relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and the interested Directors do not participate in the discussion nor do they vote on such matters.

vi) Disclosure of Risk Management

Business risk evaluation and management is an ongoing process within the Company. During the year under review, Company regularly undertook the exercise on 'Risk Assessment and Management' for its business operations. The risk assessment and minimization procedure undertaken by the Company has been given in other section of this report.

vii) Bang Insider Trading Policy

As a part of the Company's Insider Trading Policy, it observes a 'quiet period' from seven days prior to the event leading to / generating price sensitive information till 24 hours after the financial results are published. The Company may also announce 'quiet period' during and after the occurrence of certain events mentioned in the Insider Trading Policy as a part of Insider.

The Company is strictly monitoring its Insider Trading Policy.

The company has fulfilled a non-mandatory requirement as prescribed in Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges, related to Remuneration Committee / Compensation Committee.

9. MEANS OF COMMUNICATION

- Quarterly results: Quarterly results are published in accordance with the provisions of the Listing agreement. The results are published in English newspapers viz. The Financial Express and in Marathi newspapers viz. Apla Mahanagar, Mumbai edition.
- Website: Bang Overseas Limited has its own web-site and all vital information relating to the company and its performance, including quarterly results and official news releases is put on the web-site for the benefit of the public at large.

The company's web-site address is www.banggroup.com.

- No formal presentations were made to the institutional investors and analysts during the year under review.
- Management Discussion and Analysis forms part of the Annual Report.

10. ADDITIONAL SHAREHOLDER INFORMATION

a) Annual General Meeting

Date : Thursday, 30th September, 2010 at 10.00 A.M.

Venue : Maheshwari Bhavan, 603, Jagannath Shanker Seth Road, Mumbai 400 002

b) Financial Calendar (2010-11)

First quarterly results	-	Up to 15 th August, 2010
Second quarterly results	-	Up to 15 th November, 2010
Third quarterly results	-	Up to 15 th February, 2011
Fourth quarterly results	-	Up to 15 th May, 2011

c) Book Closure

The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 24th September, 2010 to Thursday, 30th September, 2010 (both days inclusive).

d) Dividend payment date

Not applicable

e) 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 2010-2011.

Stock Codes

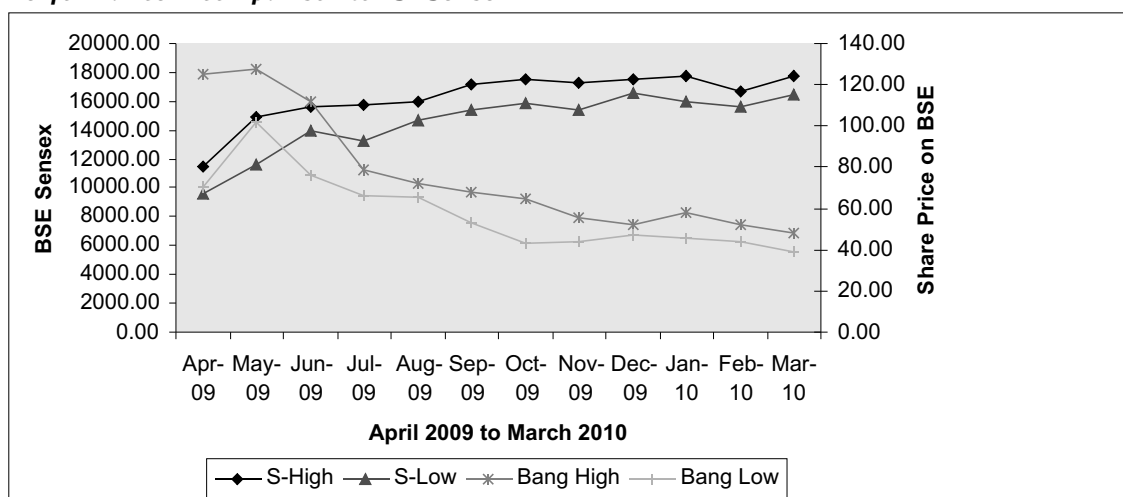
- BSE: 532946
- NSE: BANG
- Demat ISIN No. for NSDL and CDSL INE863I01016

f) Stock Data

Table below gives the monthly high and low prices and volumes of the Company equity shares at Bombay Stock Exchange (BSE) and National Stock Exchange (NSE), Mumbai for the year 2009-10:

Month	BSE			NSE		
	High	Low	No. of shares traded	High	Low	No. of shares traded
April, 2009	124.70	70.70	21,93,100	122.00	70.35	2,10,680
May, 2009	127.90	102.30	1,66,434	126.40	103.25	1,50,868
June, 2009	111.80	76.50	55,184	114.90	76.05	24,604
July, 2009	78.95	66.20	51,766	78.00	66.10	44,008
August, 2009	72.00	65.10	1,30,064	71.00	65.00	2,40,538
September, 2009	67.95	53.35	4,61,134	68.40	52.50	6,23,738
October, 2009	64.60	42.70	17,88,566	64.70	43.05	24,72,347
November, 2009	55.90	44.10	3,41,812	55.40	43.60	473,407
December, 2009	51.85	47.15	2,41,241	52.00	47.15	2,88,868
January, 2010	57.95	45.80	4,57,870	48.45	40.00	5,95,607
February, 2010	51.85	44.05	1,12,828	49.40	44.55	1,82,657
March, 2010	48.00	39.30	1,25,100	48.45	40.00	1,49,720

g) Performance in comparison to BSE Sensex



h) Shareholding Pattern

Table below gives the pattern of shareholding by ownership and share class respectively:

a. Shareholding Pattern by ownership as on 31st March, 2010

Category	No. of shares held	Shareholding %
Promoters & promoter group	9228740	68.06
Foreign Institutional Investor	69225	0.51
Bodies Corporate (Group Cos.)	1960350	14.46
NRI's	52377	0.39
Indian Public	2238110	16.51
Clearing members	11198	0.08
Total	13,560,000	100.00

b. Pattern of shareholding by share class as on 31st March, 2010

Category	Share Holders		Share Amount	
	No of Equity Shares	Number	(In Rs.)	% to Total
(1)	(2)	(3)	(4)	(5)
Upto - 5000	4578	87.12	5883420	4.34
5001 - 10000	315	5.99	2580370	1.90
10001 - 20000	145	2.76	2150400	1.59
20001 - 30000	46	0.88	1183240	0.87
30001 - 40000	25	0.48	881580	0.65
40001 - 50000	34	0.65	1625960	1.20
50001 - 100000	41	0.78	2957390	2.18
Above 100000	71	1.35	118337640	87.27
Total	5255	100.00	135600000	100.00

i) Dematerialisation

The Company's equity shares are under compulsory Demat trading. The ISIN of the Scrip is INE863101016. As on 31st March, 2010, Dematerialized shares accounted for 32.54% of the total equity.

Karvy Computershare Private Limited, the Registrars & Transfer Agents handles the physical Share Transfer related work and for Electronic connectivity.

j) Details of Public Funding Obtained in the Last Three Years

The Company went for an IPO during the year 2007-08 and 35,00,000 equity shares of Rs.10/- each were issued at a premium of Rs. 197/- aggregating to Rs.7,245 lacs. The Company's shares are listed and tradable at the Bombay Stock Exchange and National Stock Exchange. Utilization of proceeds from the Issue is given elsewhere in this Annual Report.

k) Plants
Garments Unit:

19 / 2, 9th Main, Basavapura Village,
Begur Hobli,
Electronic City Post,
Bangalore- 560 100

Garments Unit:

Plot No. 4, Apparel Park,
Auto Nagar, Vadlapudi,
Visakhapatnam-530046

l) Registrar and Share Transfer Agents

M/s. Karvy Computershare Private Limited has been appointed as one-point agency, for dealing with shareholders, to handle the physical Share Transfer related work and for Electronic connectivity as per the directives of SEBI. The Company's equity shares are traded in the Stock exchanges compulsorily in Demat mode. For transfer of shares in physical form, the Company has introduced transfer cum demat facility to avoid unnecessary mailing of certificates. Certificates duly transferred are returned to those, who opt to receive certificates in physical form. There are no legal proceedings against the Company on any share transfer matter.

Shareholders correspondence should be addressed to the Company's Registrar & Share Transfer Agent at the address mentioned below:

Karvy Computershare Private Limited

Plot no. 17-24 Vithal Rao Nagar,
Madhapur, Hyderabad 500081
Tel: (91 40) 2343 1553
Fax: (91 40) 2343 1551
Website: www.karvy.com

Contact person: Mr. Murli Krishna

m) Investor Correspondence Address

Shareholders can contact the Company Secretary for share/secretarial related matters of the Company at the below mentioned address:

**Secretarial Department
Bang Overseas Limited**
405, Kewal Industrial Estate, 1st Floor,
Senapati Bapat Marg, Lower Parel (W),
Mumbai -400 013, India

Contact person: Ms. Kavita Lunawat, Company Secretary

Name and Designation of Compliance Officer:

Mr. Jaydas Dighe
Vice President, Finance
405, Kewal Industrial Estate,
Senapati Bapat Marg, Lower Parel (West),
Mumbai- 400 013

n) Subsidiary Companies

The Company has one material unlisted Subsidiary Company, namely Vedanta Creations Limited (formerly known as Vedanta Creations Private Limited) and has appointed one Independent Director of the Company on the Board of the said Subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

India's domestic market for apparel & clothing was worth Euro 20,219 million in 2008–09. It has registered a steady compounded annual growth rate (CAGR) of 13.6% in the past 5 years. Volume wise, apparel market has grown from 4.8 billion units in 2004 to 5.9 billion units in 2008–09 at a CAGR of 5.3%. Apparel and Clothing is the second largest retail category in India.

India plays an integral role in the global apparel market due to availability of abundant man power, raw material, and infrastructural developments. The Indian textiles and apparels sector is a major contributor to the Indian economy in terms of Gross Domestic Product (GDP), industrial production and the country's total export earnings.

India's apparel exports in 2006–07 were of the order of Euro 6.1 billion, accounting for about 46% of total textile exports from India. Indian apparel exports grew by of 11.7% per year in the past 4 years, comprising of garments of all hues made of cotton, man-made fiber, silk, wool, Jute and other textile materials. The exports from India are to more than 100 countries, with EU being the largest single market accounting for about 43% of India's apparel exports, while USA is the single largest buyer (33%) country for Indian apparels. Middleeast constituted 8% and Rest of the World 16% of India's exports.

OPPORTUNITIES AND THREATS

OPPORTUNITIES

The overall assessment of demand and market potential in various sub-sectors, projected on the basis of past growth trends and industry expectations, is summarized. The total market is expected to increase from Euros 21.7 billion in 2008–09 to Euro 29.4 billion by 2011–12, with overall compounded annual growth of 7.89%.

➤ ***Window of opportunity***

India is home to 17% of the world's population. It is also one of the youngest countries in the world, with over 65% of the population below 35 years of age. The young generation of professionals, both men and women, form important consumer groups with high purchasing power. This buying group is more demanding in their choice of products, looking for quality that satisfy comfort, fitting, styling needs etc. This has resulted in a qualitative shift of consumers from low / economy range to premium and super-premium range of products.

➤ ***Growing prosperity of middle class:***

Indian corporate salaries have grown at 14% per annum, which is considered to be fastest globally. According to various studies, there were more than 300 million middle class people in India in 2007 with substantial disposable incomes. This number is expected to touch 600 million by 2010. There will be a sustained and increasing demand for various consumer products by this segment of population.

➤ ***Changing face of consumer:***

In spite of the economic meltdown in recent times, there has been a continuous and sustained shift in consumer demand pattern from basic necessities to spending on lifestyle products and services continues, largely due to Higher Income Younger age profile

➤ ***End of quota regime acting as a stimulus to further export growth.***

THREATS

Garment exports from India dropped 2.64 % to 10.64 billion dollars in 2009–10 compared to 10.93 billion dollars in the previous financial year. In rupee terms, however, there was a negligible recovery of 0.37 per cent. Apparel exports totaled Rs 50,479 crore in 2009–10 compared to Rs 50,293 crore in 2008–09. But in dollar terms, all months of 2009–10 except July, August and November showed a painful downslide.

Bangladesh has become a larger garment exporter than India. By next year, Vietnam may also overtake India.

➤ ***Rupee fluctuations with respect to US \$ and Euro:***

Recent fluctuations in Rupee with respect to US \$ and Euro affects the volume and value of exports as well as the price competitiveness of Indian exports.

➤ ***Rising ecological & social awareness:***

Ecological and social awareness among the consumers in the west may impact sourcing from India. The US & EU governments discourage imports from countries that use polluting dyes and environment damaging manufacturing

practices. This has resulted in putting pressure on buyers to limit their sourcing from developing countries. They conform to certain guidelines of International Labour Organisation in regard to certain sensitive issues such as deployment of child labor, unhealthy working environment of labor etc when it comes to sourcing of products.

➤ ***Absence of standardization and quality control and organized vendorbase***

Domestic industry is facing increasing competition from low cost countries is likely to move towards consolidation of local players. Regional trade blocks play a significant role in the global trade with member countries enjoying lower tariffs. Export prospects of India, not being a member of regional trade block, may be adversely jeopardized.

➤ ***Increased global competition***

The post 2005 trade regime under World Trade Organisation has resulted into the enhanced competition across the globe.

SEGMENTWISE OR PRODUCT-WISE PERFORMANCE

Your Company mainly operates in two geographical segments i.e. India and Overseas. During the Financial year 2009–10, Domestic Turnover of the Company increased by 8.77% from Rs. 10230 Lacs to Rs. 11127 Lacs whereas the Export turnover of the company contracted from Rs. 3504 Lacs to Rs. 1765 Lacs on account of transfer of its exporting unit Reunion Clothing Company to Aquarelle India Private Limited, a 50:50 Joint Venture Company. However, the Company is expanding manufacturing capacity to raise the export turnover and a manufacturing units in Vishakhapatnam sez is being setup for this purpose..

FUTURE OUTLOOK

Tremendous boom in retailing is expected to cause a significant change in the consumption patterns of private incomes. The growth will result in qualitative shifts in domestic buying patterns and life styles of consumers in India. Changing life style has also led to a rapid increase in the 'ready to-wear' market'. Several foreign players have been retailing branded apparels in India for a number of years.

The country's performance on the macro-economic parameters has been impressive in the past 4 years. Despite temporary setback in the past few months, the economy is back on the road to recovery. The adverse impact of western financial melt-down on the domestic industry has not been acutely felt. Indian export sector, however, continues to reel under depression. Its impact is much less perceived in India than majority of exporting countries to the west.

➤ ***Special Economic Zone***

Your Company has commenced the civil construction of a manufacturing unit of garment in the Visakhapatnam Special Economic Zone (VSEZ). Civil construction is scheduled to be completed by September 2010. This unit shall be manufacturing approximately 180000 pcs per annum.

➤ ***Expansion of manufacturing facilities***

Your company is in the process of identifying the locations at and around Andhra Pradesh, Karnataka, and Tamilnadu for setting up of apparel manufacturing units. Negotiations are being carried out in this regard.

➤ ***Global presence***

Company has planned expansion of its activities by way of setting up garment, fabric trading and manufacturing units overseas. As the first step in this direction, the company has made necessary applications to the regulatory authorities for permission for investment in Hong Kong and Slovakia.

➤ ***Retailing through Large Format Stores***

The Company has drastically enhanced its presence in the apparel retail industry by way of Large Format Stores (LFS). It has its spaces in two kinds of LFS i.e. Lifestyle Format Stores such as Globus, Reliance Trends, Gitanjali Maya etc. and Value Format Store such as Wal-Mart, Reliance Super, Pantaloon Brand Factory etc.. The Company is in the process negotiating more such stores as they do not carry any fixed cost burden, being based on revenue sharing model.

➤ ***Exclusive Retail Outlets***

As on March 31, 2010 Company had opened 66 Retail outlets out of which 17 have been closed down and 6 new were under completion stage. Your Company is constantly looking for opening of new Retail outlets all over India.

STRENGTHS

➤ ***Consumer reach***

“Thomas Scott” has constantly been trying to be in reach of consumers by way of its retail outlets and presence in

Large Format Stores. As on 31st March, 2010, the Company had 49 operational retail outlets and presence 38 Large Format Stores approximately, thus, enhancing its reach to consumer of all the segments day-by-day.

➤ **Existing Joint Venture**

Your Company has entered into a 50:50 joint venture with Aquarelle India Private Limited which has performed fairly well during the financial year 2009-10 and even better performance is expected from this partnership in the coming years. Company itself has also been benefited by the efficient technology of the Joint Venture.

➤ **Excellent design capability and robust R&D capability of Designers**

Your company is working with a team of excellent designers. The creativity and hard work combined with the research and development skills embedded in the designers employed by the Company is giving extra advantage over its competitors.

➤ **China May Lose 'Cheap' Tag on Rising Yuan, Labour Costs**

Factory workers demanding better wages and working conditions are hastening the eventual end of an era of cheap costs that helped make southern coastal China the worlds factory floor.

RISKS AND CONCERNS:

Business is exposed to risks external and internal. Some risks can be predicted and minimized with the careful planning and implementing the measures to mitigate them, while some risks can not be insured against. Following are the various kinds of risk your company has been facing and dealing with:

Global Crisis Risk

Exports have declined due to lack of demand and financial crisis in USA, Europe and Japan. Further, the high minimum support price for cotton which does not allow the crop price to come down, increases the cost of production. This makes it difficult for Indian exporters to compete with those in other countries.

Foreign Exchange Fluctuation Risk

As significant portion of the Company's earning comes from the exports, your company is exposed to the risk of fluctuation in the exchange rate. The Company has been systematically hedging its long term foreign exchange risk as well as short term exposures risk considering prevalent conditions.

Interest Rate Risk

Your Company has been undertaking suitable hedging strategies to overcome any adverse interest rate risks. It has formulated internal target rates at which any open interest rate risk can be hedged.

People Risks

Retaining the existing talent pool and attracting new manpower are major risks. The Company has initiated various measures such as rollout of strategic talent management system; training and integration of learning activities.

Other Risk Element in Individual Businesses

Apart from the risks on account of global recession, foreign exchange fluctuation, Company's business is exposed to certain business risks related to market such as fashion, change in consumer preferences, brand building which are managed by our efficient team of proactive designers and talented marketing team.

HUMAN RESOURCES:

As on 31st March 2010, Company employed 698 employees. Your Company has introduced contemporary Human Resource practices to enhance technical and managerial competence of the employees and to further leverage their capabilities to enhance the performance of its business. Further the Company has taken a series of initiatives to enhance emotional and intellectual engagement of employees with the Company and its business.

INTERNAL CONTROL SYSTEM AND ADEQUACIES

Your Company conducts its business with integrity, high standards of ethical behavior and in compliance with the laws and regulations that govern its business. Your Company has a well established framework of internal controls in operation, including suitable monitoring procedures. In addition to the external audit, the financial and operating controls of your Company at various locations are reviewed by Internal Auditors, who report their observations to the Audit Committee of the Board.

FORWARD LOOKING STATEMENT

Statements in this report on Management Discussion and Analysis, describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking, considering the applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand–supply conditions, finished goods prices, raw materials costs and availability, fluctuations in exchange rates, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts, as well as other factors such as, litigation and industrial relations.

The Company assumes no responsibility in respect of the forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.

PRACTISING COMPANY SECRETARY'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT:

To the Members Bang Overseas Limited,

We have examined the compliance of conditions of Corporate Governance by Bang Overseas Limited ("the Company"), for the year ended 31st March 2010 as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange(s) in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of the records maintained by the Company we state that as at 31st March 2010, there were no investor grievances pending with the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Kothari H & Associates
Company Secretaries

Sd/-
Hitesh Kothari

Place: Mumbai
Dated: 1st September 2010
Membership No. : 16982

**ANNUAL DECLARATION BY CEO / MANAGING DIRECTOR PURSUANT TO CLAUSE 49(I) (D) (ii)
OF THE LISTING AGREEMENT**

As per the requirements of Clause 49(I)(D)(ii) of the Listing Agreement, I, Brijgopal Bang, Managing Director, hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the Financial Year 2009-10.

Sd/-
Brijgopal Bang
Managing Director

Place: Mumbai
Date: 1st September 2010

CEO AND CFO CERTIFICATE PURSUANT TO CLAUSE 49 (V) OF THE LISTING AGREEMENT

This is to certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year 2009-10 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best our knowledge the belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - (i) significant changes in internal control during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For Bang Overseas Limited

Sd/-	Sd/-
Brijgopal Bang	Jaydas Dighe
Managing Director	Vice President- Finance

Place: Mumbai
Date : 1st September 2010

AUDITORS' REPORT

To,
The Members of
Bang Overseas Limited

1. We have audited the attached Balance Sheet of Bang Overseas Limited as at 31 March, 2010 and also the Profit and Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date both 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 have 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 from any 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' 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, we enclosed in the Annexure a statement on the matter 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 as follows:
 - 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 and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) on the basis of the written representation received from the directors, and taken on record by the Board of Directors, as on 31 March 2010, we report that, none of the directors is disqualified as on 31 March 2010 from being appointed as a director in terms of clause (g) of the sub-section (1) of the 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 read together with significant accounting policies and notes to accounts give the information required by 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 31 March, 2010;
 - ii) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date

For Rajendra K.Gupta & Associates
Chartered Accountants
Firm Registration No.: 108373W

Rajendra Kumar Gupta
Partner
Membership No: 9939

Place: Mumbai
Date: 1st September 2010

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of the even date)

- (i) In respect of fixed assets:
 - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
 - (b) The fixed assets of the company have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification;
 - (c) During the year, the Company has disposed off a part of the fixed assets. Based on the information and explanation given by the management and on the basis of audit procedures performed by us, we are of the opinion that the sale of said part of fixed assets has not affected the going concern status of the Company.
- (ii) In respect of inventories:
 - (a) As explain to us, the inventories have been physically verified by the management during the year.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
 - (c) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of inventories.
- (iii) In respect of loans taken / granted:
 - (a) According to the information and explanation given to us, the Company has taken unsecured loans from one company and eleven parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount due during the year is Rs. 22,81,26,206 and the year end balance is Rs. 20,02,08,205/-
 - (b) According to the information and explanation given to us, the Company has not granted loans to the Companies, firms, directors and the other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - (c) In our opinion the terms and conditions on which the loan has been taken by the Company are not prima facie prejudicial to the interest of the company.
 - (d) The Company is regular in repaying principal amount and interest as stipulated.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of it's business for the purchase of Inventory and Fixed assets and sale of goods. During the course of our audit, we have not observed any continuing failure to correct measure weaknesses in such internal controls.
- (v) In respect of register maintained under Section 301 of the Companies Act, 1956:
 - (a) Based on the information and explanations given to us, the transaction pertaining to contracts and arrangements that need to be entered in to a register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
 - (b) According to information and explanation given to us, the transactions made in pursuance of such contract or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.5,00,000/- or more in respect of any party have been made at prices which are reasonable having regards to the prevailing market prices.
- (vi) The Company has not accepted any deposit as referred to in Section 58A and 58AA of the Companies Act, 1956. We are informed that no order relating to the Company has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the internal audit functions carried out during the year by the Internal Auditor have been commensurate with the size of the Company and nature of it's business.

- (viii) As informed to us, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.
- (ix) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is regular in depositing undisputed statutory dues including provident funds / employees state insurance, income tax, service tax and custom duty have generally being regularly deposited with the appropriate authorities. There are no statutory disputed dues as at 31 March 2010.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank.
- (xii) According to the information and explanations given to us , the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a nidhi / mutual benefit fund / society.
- (xiv) In our opinion the Company is not a dealer or trader in shares, securities, debentures and other investments. All the Investments made by the Company are in the name of the Company.
- (xv) The Company has given guarantee of Rs. 700,00,000/- for loans taken by its Subsidiary Vedanta Creations Ltd. from The Hongkong and Shanghai Banking Corporation Limited.
- (xvi) In our opinion and according to the explanation given, overall basis the term loan were applied for the purpose for which they were raised.
- (xvii) Based on the information and explanation given to us and over all examination of Balance Sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment and vice versa.
- (xviii) The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Act.
- (xix) The Company has not issued any debentures.
- (xx) We have verified the end use of money raised by public issue during the year and the same is disclosed in notes to the financial statements (Note B-6 of the Schedule 22).
- (xxi) To the best of our knowledge and belief and according to the information and explanation given to us no fraud on or by the Company has been noticed or reported during the course of our audit.

For Rajendra K.Gupta & Associates
Chartered Accountants
Firm Registration No: 108373W

Rajendra Kumar Gupta
Partner
Membership No: 9939

Place: Mumbai
Date: 1st September 2010

Balance Sheet as at March 31, 2010

Particulars	Schedules	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	135,600,000	135,600,000
Reserves & Surplus	2	834,454,987	811,217,189
Loan Funds			
Secured Loans	3	258,947,137	263,669,971
Unsecured Loans	4	200,208,205	192,989,207
Deferred Tax Liabilities		<u>10,624,322</u>	<u>10,159,506</u>
		<u>1,439,834,651</u>	<u>1,413,635,874</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	180,787,608	200,816,511
Less: Accumulated Depreciation		<u>(46,627,809)</u>	<u>(40,076,315)</u>
Net Block		134,159,799	160,740,196
Capital work-in-progress		<u>74,186,292</u>	<u>55,000,000</u>
		<u>208,346,091</u>	<u>215,740,196</u>
Investments	6	174,012,066	7,527,400
Current Assets, Loans and Advances			
Inventories	7	361,066,362	370,852,252
Sundry Debtors	8	442,130,754	356,722,330
Cash and Bank Balances	9	361,630,605	539,564,440
Loans and Advances	10	<u>112,397,847</u>	<u>103,401,572</u>
		<u>1,277,225,567</u>	<u>1,370,540,594</u>
Less: Current Liabilities and Provisions			
Current Liabilities	11	223,842,657	187,555,760
Provisions	12	<u>1,048,225</u>	<u>1,365,863</u>
		<u>224,890,882</u>	<u>188,921,623</u>
Net Current Assets		<u>1,052,334,685</u>	<u>1,181,618,971</u>
Miscellaneous Expenses to the extent not written off or adjusted	13	<u>5,141,809</u>	<u>8,749,307</u>
		<u>1,439,834,651</u>	<u>1,413,635,874</u>
Notes to Accounts	22		

The schedules referred to above and notes to accounts forms integral part of Balance Sheet.

As per our report of even date

For Rajendra K Gupta & Associates

Chartered Accountants

Firm Registration No:108373W

For and on behalf of Board of Directors

BANG OVERSEAS LTD.

Rajendra Kumar Gupta

Partner

Membership No.: 9939

Venugopal Bang

Chairman

Brijgopal Bang

Managing Director

Kavita Lunawat

Company Secretary

Place : Mumbai

Date : 1st September 2010

Place : Mumbai

Date : 1st September 2010

Profit and Loss Account for the year ended March 31, 2010

Particulars	Schedule	Year ended 31.03.2010 (Rupees)	Year ended 31.03.2009 (Rupees)
INCOME			
Sales	14	1,289,330,616	1,373,416,227
Other income	15	62,328,055	37,696,020
Increase in inventories	16	28,330,155	25,765,155
		1,379,988,826	1,436,877,401
EXPENDITURE			
Trade Purchases	17	660,144,634	541,857,016
Raw Material Consumption	18	360,621,363	516,443,685
Employee Compensation	19	71,874,509	107,716,878
Manufacturing, Administrative, & Selling Expenses	20	187,129,782	202,365,326
Depreciation & Amortisation		18,617,413	19,568,449
Finance Expenses	21	47,015,316	46,060,363
		1,345,403,017	1,434,011,717
Profit Before Tax, Extra Ordinary Item and Prior Period Items		34,585,810	2,865,684
Provisions :- Current Tax		12,300,000	525,000
- Deferred Tax		464,815	(1,863,914)
- Fringe Benefits Tax		-	750,000
Profit after tax and Before Extra Ordinary Item and Prior Period Items		21,820,995	3,454,598
Prior Period Items (Net)		(1,416,803)	(3,795,561)
Net Profit		23,237,798	7,250,159
Balance Profit Brought Forward from Previous Year		138,442,421	131,192,262
Surplus Carried Over to Balance Sheet		161,680,219	138,442,421
Earning per Share – Basic and Diluted		1.71	0.54
Notes to Accounts	22		

The schedules referred to above and notes to accounts forms integral part of the Profit and Loss Account
As per our report of even date

For Rajendra K Gupta & Associates
Chartered Accountants
Firm Registration No:108373W

For and on behalf of Board of Directors
BANG OVERSEAS LTD.

Rajendra Kumar Gupta
Partner
Membership No.: 9939

Venugopal Bang
Chairman

Brijgopal Bang
Managing Director

Kavita Lunawat
Company Secretary

Place : Mumbai
Date : 1st September 2010

Place : Mumbai
Date : 1st September 2010

Cash Flow Statement for the year ended March 31, 2010

Particulars	2009-2010 Amount (Rs.)	2008-2009 Amount (Rs.)
A. Cash flow from Operating Activities		
Net profit before taxation	34,585,810	2,865,684
Adjustments for:		
Depreciation	15,009,915	15,889,962
Amortisation	3,607,498	3,678,487
(Profit) / Loss on sale of Fixed Assets	187,351	10,450
Sundry Balances Written off	(4,792,687)	(882,595)
Prior Period Items	(1,416,803)	-
Exchange rate fluctuation loss	180,351	7,719,963
Bad Debts Written Off	2,684,566	-
Interest income	(17,243,401)	(53,788,516)
Dividend income	(6,100,504)	(2,200)
Loss on sales of Investments	424,564	
Interest expense	<u>39,276,154</u>	<u>35,584,651</u>
Operating profit before Working Capital changes	66,402,813	11,075,886
Decrease / (Increase) in sundry debtors	(85,408,423)	33,760,478
Decrease / (Increase) in inventories	9,785,890	(78,530,161)
Decrease/(Increase) loans and advances	(8,996,275)	(21,450,299)
Increase / (Decrease) in current liabilities	<u>36,286,897</u>	<u>(84,284,378)</u>
Cash generated from operations	18,070,902	(139,428,474)
Direct taxes paid	<u>(8,280,824)</u>	<u>(13,577,376)</u>
Net Cash from Operating Activities	<u>9,790,078</u>	<u>(153,005,850)</u>
B. Cash flows from Investing activities		
Purchase of Fixed Assets	(20,987,182)	(37,222,055)
Capital work-in-progress	(19,186,292)	26,288,127
Receipt from sale of assets	32,370,311	24,000
Investment	(166,484,666)	-
Interest received	17,243,401	53,788,516
Dividends received	<u>6,100,504</u>	<u>2,200</u>
Net Cash from Investing Activities	<u>(150,943,924)</u>	<u>42,880,788</u>
C. Cash flows from Financing Activities		
Unsecured Loans	7,218,998	27,319,106
Car Loan finance	934,534	(311,319)
Proceeds from long-term borrowings	(9,434,100)	(15,723,500)
Proceeds from working capital borrowing	3,776,733	115,080,204
Interest paid	<u>(39,276,154)</u>	<u>(35,584,651)</u>
Net cash from Financing Activities	<u>(36,779,989)</u>	<u>90,779,840</u>
Net increase in cash and cash equivalents (A + B + C)	(177,933,835)	(19,345,222)
Cash and cash equivalents at the beginning of the year	539,564,440	558,909,662
Cash and cash equivalents at the end of the year	<u>361,630,605</u>	<u>539,564,440</u>

As per our report of even date

For Rajendra K Gupta & Associates

Chartered Accountants

Firm Registration No.:108373W

For and on behalf of Board of Directors

BANG OVERSEAS LTD.

Rajendra Kumar Gupta

Partner

Membership No.: 9939

Place : Mumbai

Date : 1st September 2010

Venugopal Bang

Chairman

Place : Mumbai

Date : 1st September 2010

Brijgopal Bang

Managing Director

Kavita Lunawat

Company Secretary

Schedules forming part of Balance Sheet as at March 31, 2010

Particulars	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
Schedule 1 : Share Capital		
Authorised		
160,00,000 Equity Shares of Rs. 10/- each (Previous year 160,00,000 Equity Shares of Rs. 10/- each)	<u>160,000,000</u>	<u>160,000,000</u>
Issued, Subscribed & Paid up		
1,35,60,000 Equity Shares of Rs. 10/- each fully paid up (Previous year 1,35,60,000 equity shares of Rs. 10/- each fully paid up) (of the above 85,05,480 shares of Rs. 10/- each are allotted as fully paid by way of bonus shares in earlier years) (of the above 7,51,740 shares of Rs. 10/- each are allotted as fully paid pursuant to an agreement without payments being received in cash)	<u>135,600,000</u>	<u>135,600,000</u>
	<u>135,600,000</u>	<u>135,600,000</u>
Schedule 2 : Reserves & Surplus		
Securities Premium Account		
Balance as per last account :	672,774,768	672,774,768
Profit & Loss Account		
	<u>161,680,219</u>	<u>138,442,421</u>
	<u>834,454,987</u>	<u>811,217,189</u>
Schedule 3 : Secured Loans		
Cash / Export Credit with ING Vysya Bank Ltd.		
(Secured against hypothecation of inventories, book debts and personal guarantee of Directors Mr. Venugopal Bang and Mr. Brijgopal Bang)	96,176,361	95,094,678
Factoring Credit from The Hongkong and Shanghai Banking Corporation		
	38,749,660	38,188,071
Term Loan with ING Vysya Bank Ltd.		
(Secured by equitable mortgage of land and building and hypothecation of plant and machinery at Bangalore factory units and personel guarantee of Directors Mr. Venugopal Bang and Mr. Brijgopal Bang) [Amount due within a year NIL (PY 94,34,100)]	-	9,434,100
Buyers Credit		
(Secured against hypothecation of inventories, book debts and personal guarantee of Directors Mr. Venugopal Bang and Mr. Brijgopal Bang)	122,918,786	120,785,327
HDFC Bank Car Loan		
(Secured against hypothecation of Car)	1,102,330	167,796
	<u>258,947,137</u>	<u>263,669,971</u>
Schedule 4 : Unsecured Loans		
From Promoters & Promoter Group	162,664,114	149,561,987
From Directors	14,652,375	27,211,632
Interest accrued and due on unsecured loan	22,891,716	16,215,588
	<u>200,208,205</u>	<u>192,989,207</u>

Schedules forming part of Balance Sheet as at March 31, 2010

Schedule 5 : Fixed Assets

Particulars	(Figures in Rupees)											
	Gross Block					Depreciation					Net Block	
	As at 1/4/2009	Addition	Deduction	As at 31/03/2010	Up to 1/4/2009	For the Period	Depreciation Adjustment	Up to 31/03/2010	As at 31/03/2010	As at 31/03/2009		
A. Assets												
Plant & Machinery	73,733,597	2,713,549	32,719,832	43,727,314	11,532,059	2,518,426	5,523,829	8,526,656	35,200,658	62,201,538		
Office equipment	4,590,597	1,083,996	721,315	4,953,278	1,116,358	436,604	102,330	1,450,632	3,502,646	3,474,239		
Furniture	38,424,048	5,511,733	1,704,313	42,231,468	9,940,769	5,545,363	386,223	15,099,909	27,131,559	28,483,279		
Computer system	15,395,241	837,133	2,034,959	14,197,414	7,455,184	2,625,633	694,794	9,386,023	4,811,391	7,940,057		
Vehicles	6,586,431	1,628,235	3,835,665	4,379,001	3,159,158	355,203	1,751,245	1,763,116	2,615,885	3,427,273		
Factory Building	48,035,134	-	-	48,035,134	5,631,790	1,416,272	-	7,048,062	40,987,072	42,403,344		
Land	612,068	5,992,550	-	6,604,618	-	-	-	-	6,604,618	612,068		
Building	132,270	-	-	132,270	7,647	2,031	-	9,678	122,592	124,623		
Lease Building Improvement	13,307,125	3,219,986	-	16,527,111	1,233,350	2,110,383	-	3,343,733	13,183,378	12,073,775		
Total	200,816,511	20,987,182	41,016,083	180,787,608	40,076,315	15,009,915	8,458,421	46,627,809	134,159,799	160,740,196		
B. Capital work-in-progress												
	(PY) (55,000,000) (81,288,127)											
Previous year 08-09	163,635,207	37,222,055	40,750	200,816,511	24,192,653	15,889,962	6,300	40,076,315	160,740,196			

Schedules forming part of Balance Sheet as at March 31, 2010

Particulars	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
Schedule 6 : Investments		
Long Term Investments (At cost)		
a) Investment in non trade securities - Unquoted		
1000 (PY 1000) Equity shares of Saraswat Co-op. Bank Ltd., (of Rs. 10 Each fully paid up.)	10,000	10,000
b) Investment in Subsidiary Company - Unquoted		
284750 (Previous Year 284750) fully paid equity shares of Vedanta Creations Ltd. (of Rs. 10 each fully paid up)	7,517,400	7,517,400
c) Investment in Jointly Controlled Entity - Unquoted	60,000,000	-
1000000 (Previous Year nil) fully paid equity shares of Aquarelle India Pvt. Ltd. (of Rs. 10 each fully paid up)		
d) Investment in Mutual Funds	106,484,666	-
7923819 (Previous Year nil) units of Templeton Floating Rate Income Fund (Market value as on 31.03.2010 : Rs.110,748,050)	<u>174,012,066</u>	<u>7,527,400</u>
 Schedule 7 : Inventories (As taken, Valued & Certified by the Management)		
Raw materials and components	108,804,120	146,920,166
Work-in-progress	10,363,824	11,884,454
Finished goods	113,537,612	105,933,675
Trade goods	<u>128,360,805</u>	<u>106,113,956</u>
	<u>361,066,362</u>	<u>370,852,252</u>
 Schedule 8 : Sundry Debtors (Unsecured and considered good)		
Debts outstanding for a period exceeding six months	220,553,354	56,482,986
Other Debts	221,577,400	300,239,344
[Included in sundry debtors are due from a company under same management, Aquarelle India Pvt. Ltd., - : Rs. 57,24,797 (Previous Year : Rs.25,92,730 /-)]	<u>442,130,754</u>	<u>356,722,330</u>
 Schedule 9 : Cash and Bank Balances		
Cash on hand	908,967	3,173,073
Balances with scheduled banks : in Current Account	1,537,856	2,034,782
: in Fixed Deposit Account	359,183,782	534,356,585
	<u>361,630,605</u>	<u>539,564,440</u>
 Schedule 10 : Loans and Advances (Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received.	8,599,347	13,813,525
Advances to Staff	523,881	688,719
Balance with cutsoms, excise etc..	2,387,947	3,513,191
VAT Credit Receivable	-	241,244
Advance Tax & T.D.S. (Net of provisions)	18,887,175	22,438,463
Advances towards purchase of goods / services	61,815,786	40,598,244
Deposits	<u>20,183,711</u>	<u>22,108,186</u>
	<u>112,397,847</u>	<u>103,401,572</u>

Schedules forming part of Balance Sheet as at March 31, 2010

Particulars	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
Schedule 11 : Current Liabilities		
Sundry creditors		
Creditors for goods	106,588,811	107,061,479
Creditors for others	47,697,554	65,158,706
Subsidiary Company	39,446,498	-
Advances from buyers	484,984	4,630,764
Sundry Deposits	24,657,855	4,536,815
Interest accrued but not due on loans	-	758,595
Duties & Taxes	4,966,955	5,409,401
	<u>223,842,657</u>	<u>187,555,760</u>
Schedule 12 : Provisions		
Provision for Fringe Benefit Tax (net of advance payments)	-	194,690
Provision for gratuity	1,048,225	1,171,173
	<u>1,048,225</u>	<u>1,365,863</u>
Schedule 13 : Miscellaneous Expenditures		
Brand Development Expenses	4,447,361	7,360,409
Pre-operative expenses of new project	694,449	1,388,899
	<u>5,141,809</u>	<u>8,749,307</u>

Schedules forming part of Profit and Loss Account for the year ended March 31, 2010

Particulars	2009-2010 (Rupees)	2008-2009 (Rupees)
Schedule 14 : Sales		
Domestic Sales		
– Trade Goods	601,005,737	510,926,159
– Manufactured goods	527,030,614	506,748,364
Export Sales		
– Trade Goods	46,433,769	9,261,630
– Manufactured goods	130,153,969	341,105,767
	1,304,624,089	1,368,041,920
Less : Inter Department Transfer :	47,048,279	30,048,726
Net Sales :	1,257,575,810	1,337,993,194
– Jobwork Charges / Scrap Sales	31,754,806	35,423,032
Total Sales	1,289,330,616	1,373,416,227
Schedule 15 : Other Income		
Interest on Deposits (TDS Rs. 25,70,487 PY Rs. 1,22,64,298)	17,243,401	54,141,598
Rent / Hire Charges Received (TDS Rs. 19,72,019 PY Rs. 16,44,358)	12,110,183	6,478,200
Foreign Exchange Gain	15,714,076	(37,514,016)
Dividend	6,100,504	2,200
Duty Drawback	6,069,783	13,316,486
Sundry Balances Written Off.	4,792,687	-
Interest Other (TDS Rs. Nil PY Rs. 72,735)	-	353,082
Miscellaneous Income	297,421	918,470
	62,328,055	37,696,020
Schedule 16 : Increase in Inventories		
Inventories at beginning of the year		
– Trade goods	106,113,956	131,007,379
– Work-in-progress	11,884,454	7,431,783
– Finished goods	105,933,676	59,727,769
	(A) 223,932,086	198,166,931
Inventories at closing of the year		
– Trade goods	128,360,805	106,113,956
– Work-in-progress	10,363,824	11,884,454
– Finished goods	113,537,612	105,933,675
	(B) 252,262,241	223,932,086
	(A – B) 28,330,155	25,765,155
Schedule 17 : Trade Purchases		
Trade Purchases	603,677,192	450,431,151
Jobwork Charges	103,515,721	121,474,591
	707,192,913	571,905,742
Less : Inter Department Transfer :	47,048,279	30,048,726
Net Purchase	660,144,634	541,857,016
Schedule 18 : Raw Material Consumption		
Opening Stock – Raw materials	146,920,167	94,155,162
Add : Purchases – Raw materials	322,505,316	569,208,689
Less : Closing Stock – Raw materials	108,804,120	146,920,166
	360,621,363	516,443,685

Schedules forming part of Profit and Loss Account for the year ended March 31, 2010

Particulars	2009-2010 (Rupees)	2008-2009 (Rupees)
Schedule 19 : Employee Compensation		
Salaries, wages, and bonus	63,662,947	94,748,040
Contribution to Provident Fund and ESIC	5,408,418	8,016,103
Gratuity Expenses	833,401	545,143
Workmen and staff welfare expenses	1,969,743	4,407,591
	71,874,509	107,716,878
Schedule 20 : Manufacturing, Administrative & Selling Expenses		
Power & Fuel	7,183,625	9,015,549
Freight and forwarding charges	21,161,595	23,431,881
Rent	30,578,344	27,271,174
Rates & Taxes	5,984,127	8,455,457
Insurance Charges	2,081,222	2,313,781
Repairs & Maintenance		
– Plant & Machinery	2,902,108	3,138,720
– Building	–	1,647,341
– Other	6,051,503	6,807,657
Advertising	12,651,818	20,630,245
Sales Promotion	1,719,492	1,570,287
Brokerage & Sales Commission	44,718,746	40,772,514
Travelling Expenses	4,440,160	7,217,526
Conveyance Expenses	874,358	1,231,991
Communication Cost	2,674,267	3,208,886
Printing & Stationary	1,872,723	2,802,797
Legal, Professional and Consultancy fees	11,106,179	7,919,661
Directors Sitting Fees	85,000	90,000
Remuneration to Managing Director	2,400,000	2,400,000
Auditor's remuneration		
– Audit fee	80,000	80,000
– Tax Audit fee	50,000	50,000
Donation	25,000	40,000
Loss on sale of fixed Assets	187,351	10,450
Courier & Postage	2,471,983	4,474,201
Vehicle Expenses	543,727	798,690
Packing Material Expenses	659,976	927,584
Transportation for factory workers	1,377,726	3,529,922
Washing Charges	3,150,105	6,691,243
Security & Service Charges	7,869,751	3,517,740
Bad Debts	2,684,566	–
Loss on sale of Investments	424,564	–
Miscellaneous Expenses	9,119,769	12,320,029
	187,129,782	202,365,326
Schedule 21 : Finance Expenses		
Interest		
– On term loans	82,388	2,798,932
– On working capital loan	15,492,475	15,187,500
– On Others	23,701,291	17,598,219
Bank Charges	7,739,161	10,475,712
	47,015,316	46,060,363

SCHEDULE 22

NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation of Financial Statements

The financial statements have been prepared to comply in all material respects with the standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which impairment is made and revaluation is carried out and derivative instruments. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in previous year.

2. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

3. Fixed Assets

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use, net of VAT recoverable. Financing costs relating to construction of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use. Financing costs not relating to construction of fixed assets are charged to the income statement.

Depreciation

Depreciation on the fixed assets has been provided for on straight line method at the rates prescribed and in the manner specified in Schedule XIV to the Companies Act, 1956 for the manufacturing units situated in Bangalore. Fixed assets in Mumbai have been continued depreciated by following written down value method.

Impairment

- i. The carrying amounts of assets are reviewed at each balance sheet date if there are impairment indicators. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the WACC.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- iii. A previously recognised impairment loss is increased or decreased based on reassessment of recoverable amount, which is carried out if the change is significant. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

4. Intangible Assets

Intangible assets include miscellaneous expenditures that are capitalized if specific criteria are met and are amortised over their useful life, generally not exceeding 5 years. The recoverable amount of an intangible asset that is not available for use or is being amortized over a period exceeding 5 years should be reviewed at least at each financial year end even if there is no indication that the asset is impaired.

5. Leases

Where the Company is the lessee

Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are transferred to the company, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged to income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are

classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the P&L Account.

6. Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

7. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost, less provision for diminution in value other than temporary.

8. Inventories

Inventories are valued at lower of cost or net realisable value. Cost is determined on the following basis:

- i) Raw materials and manufactured finished goods are valued at cost. Cost is determined by using average cost method.
- ii) Trade Goods are valued at cost on FIFO basis.

9. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales revenue is net of sales returns, discounts and rebates.

(ii) Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(iii) Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.

10. Foreign Exchange Transaction

- (a) Transaction denominated in foreign currencies is normally recorded at the exchange rate prevailing at the time of the transaction.
- (b) Monetary items denominated in foreign currency as at the balance sheet date are translated at the year end exchange rate.
- (c) Premium on forward cover contracts in respect of import of raw material is charged to profit & loss account over the period of contracts except in respect of liability for acquiring fixed assets, in which case the difference are adjusted in carrying cost of the same.

11. Employee benefits

- i. Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the statutory authority are due.
- ii. Gratuity liability are defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

12. Current Tax and Deferred Tax

- (i) Provision for current tax is made after taking into consideration benefits admissible under the provision of the Income Tax Act, 1961.
- (ii) Deferred tax resulting from timing difference between the book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date.

13. Earning per share

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and diluted equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

14. Cash Flow Statement

Cash flow statement is reported using the indirect method as specified in the Accounting standard (AS)-3, 'Cash Flow Statement' issued by The Institute of Chartered Accountants of India.

15. Provision, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

B. NOTES ON ACCOUNTS:

1. Previous year figure has been regrouped, rearranged and restated whenever necessary.

2. Segment Reporting:

a. Primary Segment:

The company is primarily engaged in single business segment of manufacturing and marketing of textile and textile products and is managed as one business unit.

b. Secondary Segment (By Geographical Segment):

(Figures in Rs)

Particulars	India	Outside India	Total
Sales	111,27,42,879	17,65,87,738	128,93,30,617
	(102,30,48,830)	(35,03,67,397)	(137,34,16,227)
*Segment Assets	42,88,45,291	1,32,85,463	44,21,30,754
	(32,68,91,492)	(2,98,30,838)	(35,67,22,330)

(Figures in bracket indicate previous year's figures)

*Segment Assets from outside India represents receivables from Export Sales. In view of the interwoven /intermix nature of business and manufacturing facility, other information is not ascertainable.

3. Operating Lease Arrangements:

a. As lessee:

Rental expenses of Rs. 3,05,78,344 (P.Y. Rs. 2,72,71,174) in respect of obligation under operating leases have been recognized in the profit and loss account.

At balance sheet date, minimum lease payments under non-cancelable operating leases fall due as follows:

(Figures in Rs)

	31.03.2010	31.03.2009
Due not later than one year	1,63,90,339	1,55,90,847
Due later than one year but not later than five years	4,00,60,132	1,65,68,539
Later than five years	NIL	NIL

The above figures include:

- i. Lease rentals calculated based on estimated date of commencement of lease in cases where the agreements / MOU's have been entered into but the date of commencement of lease is dependent on the date of construction/renovation of premises and based on the commitment for delivery by lessors.

- ii. Lease rentals do not include common maintenance charges, tax payable, if any.
- iii. The Company has not entered under any operating lease agreement which is not-cancelable more than five years.

b. As lessor:

Rental Income recognized in the profit & Loss account during the year Rs. 121,10,183/- (Previous Year Rs.64,78,200) relating lease arrangements. .

4. Employee benefit plan:

The Company has recognized Rs. 8,33,401/- (PY Rs. 545,143/-) in the Profit and Loss Account for the year ended 31st March 2010 under defined contribution plans.

- (a) Expenses recognized in Profit & Loss Account for the year ended 31 March 2010:

(Figures in Rs.)

	2009-2010	2008-2009
Current service cost	7,12,485	5,67,643
Interest cost	91,938	45,319
Expected return on Assets	(24,289)	-
Actuarial (gains) / losses	53,267	(88,119)
Past service cost	-	-
Net expenses	8,33,401	5,23,763

- (b) Net Asset / (Liability) recognized in the Balance Sheet as at 31 March 2010:

(Figures in Rs.)

	As at 31 March 2010	As at 31 March 2009
Defined benefit obligation	20,28,910	11,71,173
Fair value of plan assets	9,80,685	-
Fund status [Surplus/(Deficit)]	10,48,225	-
Net Assets / (Liability)	(10,48,225)	(11,71,173)

- (c) Changes in present value of defined benefit obligation are as following:

(Figures in Rs.)

	2009-2010	2008-2009
Opening defined benefit obligation	11,71,173	6,47,410
Current service cost	7,12,485	5,67,643
Interest cost	91,937	45,319
Benefit paid	-	-
Actuarial (gains) / Losses	53,315	(89,199)
Closing defined benefit obligation	20,28,910	11,71,173

- (d) Changes in fair value of plan assets are as follows :

(Figures in Rs.)

	2009-2010	2008-2009
Fair Value of Plan Assets at the beginning of the period.	-	-
Expected Return on Plan Assets	24,289	-
Actuarial (gains) / Losses	47	-
Assets distributed on settlements	-	-
Actual Company Contributions less Risk Premium	9,56,349	-
Benefit Payments	-	-
Fair Value of the assets	9,80,685	-

(e) The principal actuarial assumptions used in determining gratuity liability is as follows:

(Figures in Rs.)

Assumption	31 March 2010	31 March 2009
Discount rate	8.00%	7.85%
Expected return on assets	0.00%	9.00%
Salary Increase	3.00%	5.00%
Withdrawal rates	2.00%	2.00%
Mortality table	Indian Assured Lives Mortality (1994-96) (Modified Ultimate)	

5. Contingent Liabilities

(Figures in Rs.)

Particulars	31.03.2010	31.03.2009
Bank Guarantees	31,62,000	96,58,910
Letter of credit	8,45,71,868	5,25,57,488
Export Obligation	7,39,56,158	6,60,84,641
Corporate Guarantee	7,00,00,000	7,00,00,000
Total	23,16,90,026	19,83,01,039

6. Details of IPO Proceeds Utilization

(Figures in Rs.)

Particulars	31.03.2010	31.03.2009
Net Issue Proceeds	72,45,00,000	72,45,00,000
Utilization of Funds :		
General Corporate Office	10,16,75,000	10,16,75,000
Setting up of Retail Stores & Brand Building	10,63,00,000	8,67,77,376
Setting up of Apparel Manufacturing Unit at Kolar District, Karnataka	25,000	25,000
Setting up of Apparel Manufacturing Unit in the state of Karnataka and Andhra Pradesh	Nil	Nil
Setting up of Apparel Manufacturing Unit at Visakhapatnam, Andhra Pradesh	1,52,33,012	Nil
Entering into Joint Venture / Acquisition of existing setup in India or elsewhere	Nil	Nil
Warehousing and logistic facilities	Nil	Nil
Setting up of Design, Display and Sampling Unit	1,62,43,300	Nil
Share Issue Expenses	5,15,19,932	5,15,19,932
Total	29,09,96,244	23,99,97,308

The balance unutilized proceeds Rs. 43,35,03,756/- are kept in Fixed Deposit with Scheduled Bank and Units of Mutual Funds.

7. Details of Deferred Tax assets and liabilities:

In view of the Accounting Standard 22 issued by Institute of Chartered Accountants of India, the significant component and classification of deferred tax liability/asset on account of timing difference comprises of the following:

(Figures in Rs.)

Particulars	31.03.2010	31.03.2009
Deferred Tax Liabilities		
On account of difference in Tax and Book Depreciation	1,15,72,677	1,24,85,707
On account of expenditure allowed on payment basis e.g. Contribution paid to Gratuity Fund Manager	3,25,063	-
Total	1,18,97,740	1,24,85,707

Particulars	31.03.2010	31.03.2009
Deferred Tax Assets		
On account of expenditure charged @ 100% in the books and amortised in computation	9,90,145	9,90,144
Expenditures disallowed u/s 43B	2,83,273	13,36,057
Deferred Tax Liabilities (Net)	1,06,24,322	1,01,59,506

8. In the opinion of the Board, sundry debtors, loans and advances and other current assets and unsecured loans are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities is adequate and not in excess of the amount reasonably necessary. Some balances are subject to confirmation and reconciliation.
9. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as the year end together with interest paid / payable as required under the said Act have not been given.
10. **Earning per Share (EPS)**

(Figures in Rs.)

Particulars	31.03.2010	31.03.2009
Net Profit /(Loss)	2,32,37,798	72,50,159
Weighted Average number of shares outstanding at the end of the year	1,35,60,000	1,35,60,000
E.P.S. (Basic & Diluted)	1.71	0.54

11. **Managerial Remuneration**

(Figures in Rs.)

Particulars	31.03.2010	31.03.2009
Managerial Remuneration for directors	24,00,000	24,00,000
Directors Sitting Fees	85,000	90,000
Total	24,85,000	24,90,000

12. **Prior period items**

(Figures in Rs.)

Particulars	31.03.2010	31.03.2009
Income tax liability of earlier year	1,76,343	6,02,475
Transport Charges	-	30,740
Repairs & Maintenance Charges	19,270	3,400
Duties & Taxes	21,142	43,352
Telephone & Electricity Expenses	4,613	9,130
Wages	39,689	3,130
Sales Promotion & Staff Welfare	7,058	-
Professional Fees	26,472	-
Job-work Charges	1,19,512	-
Purchase	38,839	-
Misc.	8,480	-
Total expenses	4,61,418	6,92,227
Less : Income		
Reversal of Income Tax Liability of earlier years	-	44,87,788
Interest Income pertaining to financial year 2008-2009 accounted in current financial year	18,78,221	-
Prior Period (Income) / Expenses - (net)	(14,16,803)	(37,95,561)

13. Derivative Instruments

There are no outstanding forward contracts entered into by the Company as on 31 March 2010.

The Foreign currency exposures that have not been hedged by any derivatives instrument or otherwise as on 31 March 2010 are as follows:

(Figures in Rs.)

Particulars	31.03.2010	31.03.2009
Assets (Receivable)	4,32,83,896	4,28,37,000
Liabilities (Payable)	14,16,15,424	15,46,20,000

14. Interest in Joint Venture

The Company's interest in Jointly Controlled Entity is

Name of the Company	Country of Incorporation	Percentage of Ownership Interest as at 31st March 2010
Aquarelle India Pvt. Ltd.	India	50%

Amounts in respect of Joint Ventures - Balance Sheet	31 March 2010 Amt. (Rs.)
Assets	
Fixed Assets net block (including Capital work in progress)	17,669,481
Investments	-
Current assets, loans and advances	
a) Inventories	17,256,362
b) Sundry Debtors	57,797,986
c) Cash and Bank Balance	6,213,588
d) Loans and Advances	10,368,879
Deffered Tax Assets	15,945
Liabilities	
Shareholders fund – reserves and surplus	3,974,398
Secured loans	30,644,137
Current liabilities	20,058,800
Provisions	644,905
Amounts in respect of Joint Ventures - Statement of Profit and Loss	
Turnover	183,487,310
Expenses	
Trade Purchases	23,462,608
Raw Material Consumption	96,380,835
Employee Compensation	25,869,940
Manufacturing, Administrative, & Selling Expenses	26,124,541
Depreciation & Amortisation	2,183,130
Finance Expenses	3,257,804
Profit before tax	6,208,453
Provision for tax	2,234,056
Profit after tax	3,974,398
Contingent liability	21,482,945

15. Information on Related Party Disclosure

	Subsidiary	Jointly Controlled Entity	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
Sales	156,929,928	26,700,442	-	-	44,028,343	227,658,713
Purchase	14,715,593	1,376,257	-	-	904,397	16,996,247
Loans (taken)	-	-	-	-	10,000,000	10,000,000
Loans taken from directors	-	-	3,401,000	-	-	3,401,000
Loan repaid	-	-	17,186,000	14,678,368	10,659,179	42,523,547
Interest	-	-	2,351,638	8,348,295	-	10,699,933
Salary	-	-	2,400,000	-	-	2,400,000
Rent	-	5,220,000	-	-	-	5,220,000
Sale of Capital Goods	-	34,439,969	-	-	-	34,439,969
Shares Subscription	-	60,000,000	-	-	-	60,000,000

Names of related parties

Subsidiary : Vedanta Creations Ltd.
 Jointly Controlled Entity : Aquarelle India Pvt. Ltd.

Key Management Personnel

1 Shri Venugopal Bang Chairman
 2 Shri Brijgopal Bang Managing Director

Relatives of Key Management Personnel

1 Shri Balaram Bang Father of Shri Venugopal Bang & Brijgopal Bang
 2 Smt. Radhadevi Bang Mother of Shri Venugopal Bang & Brijgopal Bang
 3 Smt. Taradevi Bang Wife of Shri Venugopal Bang
 4 Shri Raghvendra Bang Son of Shri Venugopal Bang
 5 Shri Giridhar Gopal Bang Brother of Shri Venugopal Bang & Brijgopal Bang
 6 Shri Raj Gopal Bang Brother of Shri Venugopal Bang & Brijgopal Bang
 7 Shri Nand Gopal Bang Brother of Shri Venugopal Bang & Brijgopal Bang

Enterprises owned or significantly influenced by key management personnel or their relatives

1 Bodywave Fashions (I) Pvt. Ltd.
 2 Bang Data Forms Pvt. Ltd.
 3 Ramkumar Venugopal Investment (I) Pvt. Ltd.
 4 Adhitya Impex

As per our report of even date

For Rajendra K Gupta & Associates
 Chartered Accountants
 Firm Registration No:108373W

For and on behalf of Board of Directors
BANG OVERSEAS LTD.

Rajendra Kumar Gupta

Partner
 Membership No.: 9939

Place : Mumbai
 Date : 1st September 2010

Venugopal Bang
 Chairman

Brijgopal Bang
 Managing Director

Kavita Lunawat
 Company Secretary

Place : Mumbai
 Date : 1st September 2010

INFORMATION PUSUANT TO SCHEDULE VI OF THE COMPANIES ACT, 1956.

1 Earnings in foreign currency	<u>2009-2010</u>	<u>2008-2009</u>
Exports at F.O.B. Value	176,587,738	350,367,397
2 Expenditure in foreign currency	<u>2009-2010</u>	<u>2008-2009</u>
Travelling	482,386	432,777
Interest on Buyers Credit	2,280,764	3,205,132
	<u>2,763,150</u>	<u>3,637,909</u>
3 Value of imports calculated on CIF basis	<u>2009-2010</u>	<u>2008-2009</u>
Raw materials	64,544,352	248,160,112
Trade Goods	394,232,809	398,845,953
	<u>458,777,161</u>	<u>647,006,065</u>
4 Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956		

4.1 Licensed Capacity, Installed Capacity and Actual Production

Class of Goods	Unit	Licensed Capacity		Installed Capacity		Actual Production	
		09-10	08-09	09-10	08-09	09-10	08-09
Radymade garment	Pcs	-	-	624,000	1677600	* 542,354	* 1071434

*Does not include the garment manufactured no. of 13,23,492 pcs on job work basis from outsiders.

5. Quantitative and Value of opening stock, Purchase, Production , sales and closing stock as per sheet attached

5.1 Consumption of raw materials and components

	Unit	2009-2010		2008-2009	
		Qty.	Value	Qty	Value
Fabrics	Mtr.	2,778,736	273,006,956	4,082,185	400,212,206

* It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

5.2 Imported and indigenous raw materials

	2009-2010		% of total Consumption	2008-2009		% of total Consumption
	Qty(mtrs)	Value		Qty(mtrs)	Value	
Fabrics						
Imported	470,660	44,620,373	16.34	2731133	258,842,652	64.68
Indigenous	2,308,076	228,386,583	83.66	1351063	141,369,554	35.32
	2,778,736	273,006,956	100	4,082,196	400,212,206	100
Accessories		Value			Value	
Imported	-	8,346,996	9.53	-	16,800,531	14.45
Indigenous	-	79,267,410	90.47	-	99,430,948	85.55
	-	87,614,406	100		116,231,479	100

Financial Year : 2009-2010

Additional information pursuant to the provisions of para 3 & 4 of part II of Schedule VI of the Companies Act.

A) Opening stock, purchases, sales & closing stock of Manufacturing Goods.

Particulars	Unit	Opening Stock		Purchase		Consumption		Production	Sales		Closing Stock	
		Qty/pcs	Amount	Qty/pcs	Amount	Qty/pcs	Amount		Qty/pcs	Amount	Qty/pcs	Amount
Cotton Fabrics	MTR	1,235,284 (918,860)	119,416,562 (74,355,243)	2,584,737 4,489,470	259,184,087 (441,934,023)	2,778,737 (4,082,196)	276,212,828 (394,127,874)	-	243,485 (90,850)	28,870,480 (7,438,788)	797,799 (1,235,284)	79,565,961 (119,416,563)
Accessories	-	-	39,388,058 (26,487,756)	-	88,623,514 (127,274,666)	-	58,601,317 (98,906,440)	-	-	5,072,504 (10,962,341)	-	39,601,982 (39,388,058)
Labour charges (Garments)	-	-	-	-	63,430,840 (91,331,877)	-	63,430,840 (91,331,877)	-	-	-	-	152,909
Readymade Shirts & Trousers	PCS	428,564 (268,421)	107,226,216 (60,471,712)	122,416 (319,569)	33,999,297 (51,016,096)	-	-	1,810,033 (2,620,557)	1,927,529 (2,779,983)	657,435,735 (849,136,184)	433,484 (428,564)	115,615,950 (107,226,215)
CM Receipts & Scrap Sales	-	-	-	-	-	-	-	-	-	31,503,656 (25,112,868)	-	-
Total			266,030,836 (161,314,711)		445,237,738 (711,556,662)		398,244,985 (584,366,191)			722,882,375 (902,960,345)		234,936,803 (266,030,836)
Previous year												

B) Opening stock, purchases, sales & closing stock of Trade Goods.

Particulars	Unit	Opening Stock		Purchase		Sales		Closing Stock	
		Qty/pcs	Amount	Qty/pcs	Amount	Qty/pcs	Amount	Qty/pcs	Amount
Cotton Fabric	MTR	1,391,497 (1,659,801)	104,756,767 (130,942,729)	6,356,047 (4,829,900)	541,270,265 (399,415,055)	6,251,380 (5,098,204)	566,448,241 (501,423,249)	1,496,164 (1,391,497)	126,064,910 (104,756,767)
Gold	GMS	74.67 (74.67)	64,649 (64,649)	-	-	-	-	74.67 (64,649)	64,649 (64,649)
Total			104,821,416 (131,007,378)		541,270,265 (399,415,055)		566,448,241 (501,423,324)		126,129,559 (104,821,416)
Previous year									

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1 REGISTRATION DETAILS

Registration No.:	L51900MH1992PLC067013	State Code	11
Balance Sheet Date :	31 March 2010		

2 CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. LACS)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

3 POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. LACS)

Total Liabilities	14,398.35	Total Assets	14,398.35
Sources of Funds			
Paid up Capital	1,356.00	Reserves & Surplus	8,344.55
Secured Loans	2,589.47	Unsecured Loans	2,002.08
Deffered Tax (Net)	106.24		
Application of Funds			
Net Fixed Assets	2,083.46	Investments	1,740.12
Net Current Assets	10,523.35	Misc. Expenditures	51.42

4 PERFORMANCE OF THE COMPANY (AMOUNT IN RS. LACS)

Total Income	13,799.89	Total Expenditure	13,454.03
Profit Before Tax	345.86	Profit After Tax	232.38
Earning per share (Rs.)	1.71	Dividend	NIL

5 GENERIC NAMES OF THE THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item Code No.	52084230	62052000	52052190
Product Description	Cotton Fabrics	Readymade Garments	Cotton Yarn

As per our report of even date

For Rajendra K Gupta & Associates
Chartered Accountants
Firm Registration No:108373W

Rajendra Kumar Gupta
Partner
Membership No.: 9939

Place : Mumbai
Date : 1st September 2010

For and on behalf of Board of Directors
BANG OVERSEAS LTD.

Venugopal Bang
Chairman

Brijgopal Bang
Managing Director

Kavita Lunawat
Company Secretary

Place : Mumbai
Date : 1st September 2010

Statement relating to subsidiary pursuant to Section 212 of the Companies Act, 1956

1.	Name of the Subsidiary Company	VEDANTA CREATIONS LTD.
2.	Financial year of the subsidiary ended on	31st March 2010
3.	Date from which it became subsidiary	3rd November 2006
4.	Extent of the Holding Company's interest in the subsidiary company at the end of the financial year of the subsidiary company	284750 Equity Shares of Rs. 10/- each fully paid up, e.g. 100% of the paid capital of the subsidiary company
5.	Net aggregate amount of the profit (losses) of the subsidiary company not dealt within the Holding Company's accounts (concerning the members of the Holding Company)	
	a. For the current year	Profit Rs. 74.68 Lacs
	b. For the previous years since it became subsidiary	Profit Rs. 789.18 Lacs
6.	Net aggregate amount of the profit (losses) of the subsidiary company dealt within the Holding Company's account	
	a. For the current year	NIL
	b. For the previous years since it became subsidiary	NIL
7.	Change of interest of Bang Overseas Ltd. in the subsidiary between end of the financial year of subsidiary and that of Bang Overseas Ltd.	Not Applicable
8.	Material changes between the end of the financial year in the subsidiary and the end of financial year of Bang Overseas Ltd.in respect of subsidiary's fixed assets, investments, lending and borrowing for purposes other than meeting their current liabilities.	Not Applicable

For and on behalf of the Board of Directors

Place : Mumbai
Date : 1st September 2010

Brijgopal Bang
Managing Director

CONSOLIDATED AUDITORS REPORT

To,
The Board of Directors
Bang Overseas Limited

1. We have audited the attached Consolidated Balance Sheet of **Bang Overseas Limited** ('the Company' or "the Parent Company") and its subsidiary Vedanta Creations Limited and its jointly controlled entity Aquarelle India Pvt. Ltd., (collectively referred to as 'the Group') as at March 31, 2010 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date both annexed thereto. These consolidated financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements. 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. The financial statements of the jointly controlled entity for the year ended 31 March 2010 have been audited by B. K. Ramadhyani & Co. The financial statements and other financial information consolidated is based solely on the report of the B. K. Ramadhyani & Co.
4. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard-21('AS') – Consolidated Financial Statements and AS-27 Financial Reporting of Interest in Joint Ventures notified in the Companies (Accounting Standards) Rules, 2006.
6. Based on our audit of financial statements of the holding and the subsidiary company and on consideration of reports of the other auditors as explained in para 3 above, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements gives a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For Rajendra K.Gupta & Associates
Chartered Accountants
Firm Registration No. : 108373W

Rajendra Kumar Gupta
Partner
Membership No: 9939

Place: Mumbai
Date: 1st September 2010

Consolidated Balance Sheet as at March 31, 2010

Particulars	Schedules	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	135,600,000	135,600,000
Reserves & Surplus	2	922,189,440	893,508,462
Loan Funds			
Secured Loans	3	330,038,408	283,075,828
Unsecured Loans	4	200,208,205	192,989,207
Deferred Tax Liabilities		<u>10,584,513</u>	<u>10,153,880</u>
		<u>1,598,620,566</u>	<u>1,515,327,377</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	202,717,842	204,544,473
Less: Depreciation		<u>(50,189,654)</u>	<u>42,041,791</u>
Net Block		152,528,189	162,502,682
Capital work-in-progress		<u>74,733,292</u>	<u>55,000,000</u>
		<u>227,261,481</u>	<u>217,502,682</u>
Investments	6	106,494,666	10,000
Current Assets, Loans and Advances			
Inventories	7	399,531,859	403,629,494
Sundry Debtors	8	555,198,537	435,022,564
Cash and Bank Balances	9	374,536,200	555,855,856
Loans and Advances	10	<u>144,471,633</u>	<u>107,856,759</u>
		<u>1,473,738,229</u>	<u>1,502,364,673</u>
Less: Current Liabilities and Provisions			
Current Liabilities	11	207,419,590	211,292,924
Provisions	12	<u>6,596,029</u>	<u>2,006,361</u>
		<u>214,015,619</u>	<u>213,299,285</u>
Net Current Assets		<u>1,259,722,610</u>	<u>1,289,065,387</u>
Miscellaneous Expenses to the extent not written off or adjusted	13	<u>5,141,809</u>	<u>8,749,307</u>
		<u>1,598,620,566</u>	<u>1,515,327,377</u>
Notes to Accounts	22		

The schedules referred to above and notes to accounts forms integral part of Balance Sheet.

As per our report of even date

For Rajendra K Gupta & Associates
Chartered Accountants
Firm Registration No:108373W

For and on behalf of Board of Directors
BANG OVERSEAS LTD.

Rajendra Kumar Gupta
Partner
Membership No.: 9939

Venugopal Bang
Chairman

Brijgopal Bang
Managing Director

Kavita Lunawat
Company Secretary

Place : Mumbai
Date : 1st September 2010

Place : Mumbai
Date : 1st September 2010

Consolidated Profit and Loss Accounts for the year ended March 31, 2010

Particulars	Schedule	Year ended 31.03.2010 (Rupees)	Year ended 31.03.2009 (Rupees)
INCOME			
Sales	14	1,623,070,124	1,652,409,066
Other income	15	80,156,675	35,663,967
Increase in inventories	16	20,684,693	(4,782,448)
		<u>1,723,911,491</u>	<u>1,683,290,585</u>
EXPENDITURE			
Trade Purchases	17	809,620,421	760,597,558
Raw Material Consumption	18	457,002,197	516,443,685
Employee Compensation	19	102,375,218	112,184,077
Manufacturing, Administrative, & Selling Expenses	20	224,141,239	210,837,211
Depreciation & Amortisation		21,217,956	20,142,903
Finance Expenses	21	53,485,937	52,963,966
		<u>1,667,842,969</u>	<u>1,673,169,401</u>
Profit Before Tax, Extra Ordinary Item and Prior Period Items		56,068,522	10,121,184
Provisions :- Current Tax		20,350,000	3,025,000
- Deferred Tax		430,632	(1,915,212)
- Fringe Benefits Tax		-	830,000
Profit after tax and Before Extra Ordinary Item and Prior Period Items		35,287,891	8,181,396
Prior Period Items (Net)		606,911	(3,795,561)
Net Profit		34,680,980	11,976,957
Balance Profit Brought Forward from Previous Year		<u>217,360,921</u>	<u>205,383,963</u>
Surplus Carried Over to Balance Sheet		252,041,901	217,360,921
Earning per Share – Basic and Diluted		2.56	0.89

(Refer Note B-9 of Schedule 22)

Notes to accounts 22

The schedules referred to above and notes to accounts forms integral part of the Profit and Loss Account
As per our report of even date

For Rajendra K Gupta & Associates
Chartered Accountants
Firm Registration No:108373W

For and on behalf of Board of Directors
BANG OVERSEAS LTD.

Rajendra Kumar Gupta
Partner
Membership No.: 9939

Venugopal Bang
Chairman

Brijgopal Bang
Managing Director

Kavita Lunawat
Company Secretary

Place : Mumbai
Date : 1st September 2010

Place : Mumbai
Date : 1st September 2010

Cash Flow Statement for the year ended March 31, 2010

Particulars	2009-2010 Amount (Rs.)	2008-2009 Amount (Rs.)
A. Cash flow from Operating Activities		
Net profit before taxation	56,068,522	10,121,185
Adjustments for:		
Depreciation	17,078,106	16,464,416
Amortisation	4,139,851	3,678,487
(Profit) / Loss on sale of Fixed Assets	250,352	(111,332)
Sundry Balances Written off	(5,461,127)	(882,595)
Prior Period	(1,416,803)	-
Exchange rate fluctuation gain	(1,112,533)	8,625,023
Interest income	(17,621,916)	(54,459,592)
Dividend income	(6,100,504)	(2,200)
Bad Debts Written Off	4,764,438	-
Loss on sales of Investements	424,564	-
Interest expense	44,822,137	41,451,933
Operating profit before Working Capital changes	95,835,086	24,885,325
Decrease / (Increase) in sundry debtors	(120,175,973)	50,054,564
Decrease / (Increase) in inventories	4,097,635	(47,982,557)
Decrease/(Increase) loans and advances	(76,071,390)	(5,486,700)
Increase / (Decrease) in current liabilities	35,573,164	(102,533,205)
Cash generated from operations	(60,741,478)	(81,062,573)
Direct taxes paid	(13,698,642)	(20,624,423)
Net Cash from Operating Activities	(74,440,120)	(101,686,996)
B. Cash flows from Investing activities		
Purchase of Fixed Assets	(40,058,751)	(37,353,043)
Capital work-in-progress	(19,733,292)	26,288,127
Receipt from sale of assets	32,690,311	311,440
Investment	(166,484,666)	-
Interest received	17,621,916	54,459,592
Dividends received	6,100,504	2,200
Net Cash from Investing Activities	(169,863,977)	43,708,316
C. Cash flows from Financing Activities		
Proceeds from issuance of share capital	9,725,000	-
Unsecured Loans	7,218,998	(7,756,929)
Car Loan finance	934,534	(311,319)
Proceeds from long-term borrowings	(9,434,100)	(15,723,500)
Proceeds from working capital borrowing	55,462,147	111,656,164
Share premium received (Net of share issue expenses)	43,900,000	-
Interest paid	(44,822,137)	(41,451,933)
Net cash from Financing Activities	62,984,441	46,412,483
Net increase in cash and cash equivalents (A + B + C)	(181,319,656)	(11,566,197)
Cash and cash equivalents at the beginning of the year	555,855,857	567,422,053
Cash and cash equivalents at the end of the year	374,536,200	555,855,856

As per our report of even date

For Rajendra K Gupta & Associates

Chartered Accountants

Firm Registration No:108373W

For and on behalf of Board of Directors

BANG OVERSEAS LTD.

Rajendra Kumar Gupta

Partner

Membership No.: 9939

Place : Mumbai

Date : 1st September 2010

Venugopal Bang

Chairman

Place : Mumbai

Date : 1st September 2010

Brijgopal Bang

Managing Director

Kavita Lunawat

Company Secretary

Schedules forming part of Consolidated Balance Sheet as at March 31, 2010

Particulars	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
Schedule 1 : Share Capital		
Authorised		
160,00,000 Equity Shares of Rs. 10/- each (Previous year 160,00,000 Equity Shares of Rs. 10/- each)	<u>160,000,000</u>	<u>160,000,000</u>
Issued, Subscribed & Paid up		
1,35,60,000 Equity Shares of Rs. 10/- each fully paid up (Previous year 1,35,60,000 equity shares of Rs. 10/- each fully paid up) (of the above 85,05,480 shares of Rs. 10/- each are allotted as fully paid by way of bonus shares in earlier years) (of the above 7,51,740 shares of Rs. 10/- each are allotted as fully paid pursuant to an agreement without payments being received in cash)	<u>135,600,000</u>	<u>135,600,000</u>
Schedule 2 : Reserves & Surplus		
Capital Reserve on Consolidation	12,347,600	24,347,600
General Reserve	4,915,173	4,915,173
Securities Premium Account		
Balance as per last account :	675,902,268	675,902,268
Addition During the year		
	<u>675,902,268</u>	<u>675,902,268</u>
Profit & Loss Account	<u>252,041,901</u>	<u>217,360,921</u>
Less : Elimination of profit on consolidation	<u>23,017,502</u>	<u>29,017,500</u>
	<u>922,189,440</u>	<u>893,508,462</u>
Schedule 3 : Secured Loans (Refer note - B13 of Schedule 22)		
Cash / Export Credit	122,211,828	105,098,226
Factoring Credit	50,269,872	47,590,380
Working Capital Term Loan	10,049,315	9,434,100
Buyers Credit	146,405,063	120,785,327
HDFC Bank Car Loan	<u>1,102,330</u>	<u>167,796</u>
	<u>330,038,408</u>	<u>283,075,828</u>
Schedule 4 : Unsecured Loans		
From Promoters & Promoter Group	162,664,114	149,561,987
From Directors	14,652,375	27,211,632
Interest accrued and due on unsecured loans	22,891,716	16,215,588
	<u>200,208,205</u>	<u>192,989,207</u>

Schedules forming part of Consolidated Balance Sheet as at March 31, 2010

Schedule 5 : Fixed Assets

(Figures in Rupees)

Particulars	Gross Block			Depreciation			Net Block			
	As at 1/4/2009	Addition	Deduction	As at 31/03/2010	Up to 1/4/2009	For the Year	Depreciation Adjustment	Up to 31/03/2010	As at 31/03/2010	As at 31/03/2009
A. Assets										
Plant & Machinery	73,733,597	15,184,138	32,719,832	56,197,903	11,532,059	3,737,110	5,523,829	9,745,340	46,452,564	62,201,538
Office equipment	5,309,284	1,744,896	762,035	6,292,145	1,437,317	515,592	103,745	1,849,163	4,442,981	3,871,967
Furniture	38,657,826	8,914,575	1,704,313	45,868,088	10,083,374	5,703,779	386,223	15,400,930	30,467,158	28,574,452
Computer system	16,363,743	2,416,291	2,048,535	16,731,498	8,223,030	2,933,146	695,118	10,461,059	6,270,439	8,140,713
Vehicles	8,393,426	2,586,315	4,650,665	6,329,076	3,893,224	659,793	2,221,328	2,331,689	3,997,386	4,500,202
Factory Building	48,035,134	-	-	48,035,134	5,631,790	1,416,272	-	7,048,062	40,987,072	42,403,344
Land	612,068	5,992,550	-	6,604,618	-	-	-	-	6,604,618	612,068
Building	132,270	-	-	132,270	7,647	2,031	-	9,678	122,592	124,623
Lease Building Improvement	13,307,125	3,219,986	-	16,527,111	1,233,350	2,110,383	-	3,343,733	13,183,378	12,073,775
Total	204,544,473	40,058,751	41,885,380	202,717,842	42,041,791	17,078,106	8,930,243	50,189,654	152,528,189	162,502,681
B. Capital work-in-progress										
Previous year 08-09	167,810,996	37,353,043	619,565	204,544,473	25,996,830	16,464,416	419,455	42,041,791	162,502,682	141,814,165
								(PY)	74,733,292	(55,000,000)

Schedules forming part of Consolidated Balance Sheet as at March 31, 2010

Particulars	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
Schedule 6 : Investments		
Long Term Investments (At cost)		
a) Investment in non trade securities - Unquoted		
1000 (PY 1000) Equity shares of Saraswat Co-op. Bank Ltd., (of Rs. 10 Each fully paid up.)	10,000	10,000
b) Investment in Mutual Funds	106,484,666	-
7923819 (Previous Year nil) units of Templeton Floating Rate Income Fund (Market Value as on 31.03.2010 : Rs. 11,07,48,050/-)	106,494,666	10,000
 Schedule 7 : Inventories (As taken, Valued & Certified by the Management)		
Raw materials and components	122,137,838	146,920,166
Work-in-progress	12,913,091	11,884,454
Finished goods	114,910,989	105,933,675
Trade goods	149,569,941	138,891,199
	399,531,859	403,629,494
 Schedule 8 : Sundry Debtors (Unsecured and considered good)		
Debts outstanding for a period exceeding six months	267,148,564	66,974,024
Other Debts	288,049,973	368,148,540
	555,198,537	435,122,564
Less: Provision for Doubtful Debts	-	100,000
[Included in sundry debtors are due from a company under same management, Aquarelle India Private Limited : Rs. 57,24,797/- (Previous Year : Rs.25,92,730/-)]	555,198,537	435,022,564
 Schedule 9 : Cash and Bank Balances		
Cash on hand	1,224,234	3,454,845
Balances with scheduled banks : in Current Account	3,672,592	13,007,186
: in Fixed Deposit Account	369,639,375	539,393,825
	374,536,200	555,855,856
 Schedule 10 : Loans and Advances (Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received.	33,916,993	16,697,754
Advances to Staff	523,881	688,719
Balance with cutsoms, excise etc.	2,387,947	3,513,191
VAT Credit Receivable	-	241,244
Advance Tax & T.D.S. (Net of provisions)	19,016,887	23,109,029
Advances towards purchase of goods / services	66,270,102	40,598,244
Deposits	22,355,823	23,008,579
	144,471,633	107,856,759

Schedules forming part of Consolidated Balance Sheet as at March 31, 2010

Particulars	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
Schedule 11 : Current Liabilities		
Sundry creditors	-	-
Creditors for goods	124,288,660	128,081,401
Creditors for others	51,878,403	67,875,949
Advances from buyer's	484,984	4,630,764
Sundry Deposits	24,657,855	4,536,815
Interest accrued but not due on loans	61,879	758,595
Duties & Taxes	<u>6,047,810</u>	<u>5,409,401</u>
	<u>207,419,590</u>	<u>211,292,924</u>
Schedule 12 : Provisions		
Provision for taxation (Net of advance payments)	4,715,263	635,498
Provision for Fringe Benefit Tax (net of advance payments)	649	199,690
Provision for gratuity	<u>1,880,117</u>	<u>1,171,173</u>
	<u>6,596,029</u>	<u>2,006,361</u>
Schedule 13 : Miscellaneous Expenditures		
Brand Development Expenses	4,447,361	7,360,409
Pre-operative expenses of new project	<u>694,449</u>	<u>1,388,899</u>
	<u>5,141,809</u>	<u>8,749,307</u>

Schedules forming part of Consolidated Profit and Loss Account for the year ended March 31, 2010

Particulars	2009-2010 (Rupees)	2008-2009 (Rupees)
Schedule 14 : Sales		
Domestic Sales		
- Trade Goods	763,571,972	789,918,998
- Manufactured goods	527,030,614	506,748,364
Export Sales		
- Trade Goods	49,007,825	9,261,630
- Manufactured goods	293,781,656	341,105,767
	1,633,392,067	1,647,034,760
Less : Inter Department Transfer :	47,048,279	30,048,726
Net Sales :	1,586,343,788	1,616,986,034
- Jobwork Charges / Scrap Sales	36,726,336	35,423,032
Total Sales	1,623,070,124	1,652,409,066
Schedule 15 : Other Income		
Interest on Deposits (TDS Rs. 26,41,437 PY Rs. 1,24,25,668)	17,621,916	54,812,674
Rent / Hire Charges Received (TDS 19,72,019, PY Rs. 16,44,358)	12,110,183	6,478,200
Dividend	6,100,504	2,200
Duty Drawback	10,631,813	13,331,691
Foreign Exchange Gain	27,925,171	(40,354,130)
Other Income	-	157,657
Interest Other (TDS 72,735, PY Nil)	-	353,082
Sundry Balances Written Off	5,461,126	-
Miscellaneous Income	305,961	882,594
	80,156,675	35,663,967
Schedule 16 : Increase in Inventories		
Inventories at beginning of the year		
- Trade goods	138,891,198	194,332,225
- Work-in-progress	11,884,454	7,431,783
- Finished goods	105,933,676	59,727,769
	(A) 256,709,329	261,491,777
Inventories at closing of the year		
- Trade goods	149,569,941	138,891,199
- Work-in-progress	12,913,091	11,884,454
- Finished goods	114,910,989	105,933,675
	(B) 277,394,021	256,709,328
	(A - B) 20,684,693	(4,782,448)
Schedule 17 : Trade Purchases		
Trade Purchases	753,152,979	669,171,693
Jobwork Charges	103,515,721	121,474,591
Purchases :	856,668,700	790,646,284
Less : Inter Department Transfer :	47,048,279	30,048,726
Net Purchase	809,620,421	760,597,558
Schedule 18 : Raw Material Consumption		
Opening Stock - Raw materials	146,920,167	94,155,162
Add : Purchases - Raw materials	432,219,869	569,208,689
Less : Closing Stock - Raw materials	122,137,838	146,920,166
	457,002,197	516,443,685

Schedules forming part of Consolidated Profit and Loss Account for the year ended March 31, 2010

Particulars	2009-2010 (Rupees)	2008-2009 (Rupees)
Schedule 19 : Employee Compensation		
Salaries, wages and bonus	89,522,249	98,962,977
Contribution to Provident Fund	7,387,093	8,163,653
Gratuity Expenses	2,608,997	545,143
Workmen and staff welfare expenses	2,856,880	4,512,303
	102,375,218	112,184,077
 Schedule 20 : Manufacturing, Administrative & Selling Expenses		
Power & Fuel	8,636,759	9,322,910
Freight and forwarding charges	23,948,433	24,929,243
Rent	36,099,555	29,538,944
Rates & Taxes	6,370,182	8,455,457
Insurance Charges	2,499,048	2,474,986
Repairs & Maintenance		
– Plant & Machinery	2,977,084	3,138,720
– Building	50,829	1,647,341
– Other	7,227,085	6,926,578
Advertising	12,654,693	20,630,245
Sales Promotion	2,411,779	1,756,967
Brokerage & Sales Commission	46,643,502	41,689,358
Travelling Expenses	8,830,758	7,676,280
Conveyance Expenses	954,252	1,470,592
Communication Cost	2,892,776	3,420,942
Printing & Stationary	2,480,193	2,999,639
Legal, Professional and Consultancy fees	13,309,583	7,973,561
Directors Sitting Fees	85,000	90,000
Remuneration to Managing Director	4,386,454	2,520,000
Auditor's remuneration		
– Audit fee	196,330	110,000
– Tax Audit fee	105,000	70,000
Donation	25,000	40,000
Loss on sale of fixed Assets	250,352	10,450
Courier & Postage	4,552,199	4,474,201
Vehical Expenses	643,719	964,743
Packing Material Expenses	1,708,945	2,260,387
Bad Debts	4,764,438	–
Transportation for factory workers	1,377,726	3,529,922
Washing Charges	6,256,058	6,691,243
Security & Service Charges	8,292,124	3,517,740
Loss on sale of Investments	424,564	–
Miscellaneous Expenses	13,086,823	12,506,762
	224,141,239	210,837,211
 Schedule 21 : Finance Expenses		
Interest		
– On term loans	82,388	2,798,932
– On working capital loan	18,424,554	17,349,343
– On Others	23,701,291	21,303,659
Bank Charges	11,277,705	11,512,033
	53,485,937	52,963,966

SCHEDULE 22

NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation of Financial Statements

The financial statements have been prepared to comply in all material respects with the standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which impairment is made and revaluation is carried out and derivative instruments. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in previous year.

2. Principles of Consolidation

The consolidated financial statements relate to Bang Overseas Ltd., (Parent Company) and Vedanta Creations Ltd. (the wholly owned subsidiary company) and Aquarelle India Pvt. Ltd. (the Jointly Controlled Entity 'AIPL'). The financial statements of the Parent Company and its Subsidiary Company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, if any. Also the financial statements of Jointly Controlled Entity are combined on a line-by-line basis by proportionate consolidation method.

3. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

4. Fixed Assets

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use, net of VAT recoverable. Financing costs relating to construction of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use. Financing costs not relating to construction of fixed assets are charged to the income statement.

Depreciation

Depreciation on the fixed assets has been provided for on straight line method at the rates prescribed and in the manner specified in Schedule XIV to the Companies Act, 1956 for the manufacturing units situated in Bangalore. Fixed assets in Mumbai have been continued depreciated by following written down value method. In case individual items of Plant and Machinery, costing less than Rs.5,000, 100 per cent depreciation is provided.

Impairment

- i. The carrying amounts of assets are reviewed at each balance sheet date if there are impairment indicators. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the WACC.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- iii. A previously recognised impairment loss is increased or decreased based on reassessment of recoverable amount, which is carried out if the change is significant. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

5. Intangible Assets

Intangible assets include miscellaneous expenditures that are capitalized if specific criteria are met and are amortised over their useful life, generally not exceeding 5 years. The recoverable amount of an intangible asset that is not available for use or is being amortized over a period exceeding 5 years should be reviewed at least at each financial year end even if there is no indication that the asset is impaired.

6 Leases

Where the Company is the lessee

Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are transferred to the company, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged to income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the P&L Account.

7. Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

8. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost, less provision for diminution in value other than temporary.

9. Inventories

Inventories are valued at lower of cost or net realisable value. Cost is determined on the following basis:

- i) Raw materials and manufactured finished goods are valued at cost. Cost is determined by using average cost method.
- ii) Trade Goods are valued at cost on FIFO basis.
- iii) In respect of work-in-progress and finished goods of AIPL are valued at works cost (material cost based on specific identification basis) or net realisable value which ever is lower.

10. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales revenue is net of sales returns, discounts and rebates.

(ii) Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(iii) Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.

11. Foreign Exchange Transaction

- (a) Transaction denominated in foreign currencies is normally recorded at the exchange rate prevailing at the time of the transaction.
- (b) Monetary items denominated in foreign currency as at the balance sheet date are translated at the year end exchange rate.
- (c) Premium on forward cover contracts in respect of import of raw material is charged to profit & loss account over the period of contracts except in respect of liability for acquiring fixed assets, in which case the difference are adjusted in carrying cost of the same.

12. Employee benefits

- i. Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the statutory authority are due.
- ii. Gratuity liability are defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

13. Current Tax and Deferred Tax

- (i) Provision for current tax is made after taking into consideration benefits admissible under the provision of the Income Tax Act, 1961.
- (ii) Deferred tax resulting from timing difference between the book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date.

14. Earning per share

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and diluted equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

15. Cash Flow Statement

Cash flow statement is reported using the indirect method as specified in the Accounting standard (AS)-3, 'Cash Flow Statement' issued by The Institute of Chartered Accountants of India.

16. Provision, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

B. NOTES ON ACCOUNTS:

1. Previous year figure has been regrouped, rearranged and restated whenever necessary.

2. Segment Reporting:

a. Primary Segment:

The company is primarily engaged in single business segment of manufacturing and marketing of textile and textile products and is managed as one business unit.

b. Secondary Segment (By Geographical Segment):

(Figures in Rs)

Particulars	India	Outside India	Total
Sales	111,27,42,879	17,65,87,738	128,93,30,617
	(102,30,48,830)	(35,03,67,397)	(137,34,16,227)
*Segment Assets	42,88,45,291	1,32,85,463	44,21,30,754
	(32,68,91,492)	(2,98,30,838)	(35,67,22,330)

(Figures in bracket indicate previous year's figures)

*Segment Assets from outside India represents receivables from Export Sales. In view of the interwoven / intermix nature of business and manufacturing facility, other information is not ascertainable.

3. Operating Lease Arrangements:

a. As lessee:

Rental expenses of Rs. 3,60,99,555 (P.Y. Rs. 2,95,38,944) in respect of obligation under operating leases have been recognized in the profit and loss account.

At balance sheet date, minimum lease payments under non-cancelable operating leases fall due as follows:

(Figures in Rs)

	31.03.2010	31.03.2009
Due not later than one year	2,00,94,420	1,55,90,847
Due later than one year but not later than five years	5,01,36,037	1,65,68,539
Later than five years	NIL	NIL

The above figures include:

- Lease rentals calculated based on estimated date of commencement of lease in cases where the agreements / MOU's have been entered into but the date of commencement of lease is dependent on the date of construction/renovation of premises and based on the commitment for delivery by lessors.
- Lease rentals do not include common maintenance charges, tax payable, if any.
- The Company has not entered under any operating lease agreement which is not-cancelable more than five years.

b. As lessor:

Rental Income recognized in the profit & Loss account during the year Rs. 121,10,183/- (Previous Year Rs.64,78,200) relating lease arrangements.

4. Employee benefit plan:

The Company has recognized Rs. 26,08,997/- (PY Rs. 545,143/-) in the Profit and Loss Account for the year ended 31st March 2010 under defined contribution plans.

(a) Expenses recognized in Profit & Loss Account for the year ended 31 March 2010:

(Figures in Rs.)

	2009-2010	2008-2009
Current service cost	7,61,694	5,67,643
Past service cost	-	-
Interest cost	91,938	45,319
Expected return on Assets	(24,289)	-
Actuarial (gains) / losses	1,91,045	(88,119)
Net expenses	10,20,388	5,23,763

(b) Net Asset / (Liability) recognized in the Balance Sheet as at 31 March 2010:

(Figures in Rs.)

	As at 31 March 2010	As at 31 March 2009
Defined benefit obligation	22,15,897	11,71,173
Fair value of plan assets	9,80,685	-
Fund status [Surplus/(Deficit)]	12,35,212	-
Net Assets / (Liability)	(12,35,212)	(11,71,173)

(c) Changes in present value of defined benefit obligation are as following:

(Figures in Rs.)

	2009-2010	2008-2009
Opening defined benefit obligation	11,71,173	6,47,410
Current service cost	7,61,694	5,67,643
Interest cost	91,938	45,319
Benefit paid	-	-
Actuarial (gains) / Losses	1,91,045	(89,199)
Closing defined benefit obligation	22,15,897	11,71,173

(d) Changes in fair value of plan assets are as follows :

(Figures in Rs.)

	2009-2010	2008-2009
Fair Value of Plan Assets at the beginning of the period.	-	-
Expected Return on Plan Assets	24,289	-
Actuarial (gains) / Losses	47	-
Assets distributed on settlements	-	-
Actual Company Contributions less Risk Premium	9,56,349	-
Benefit Payments	-	-
Fair Value of the assets	9,80,685	-

(e) The principal actuarial assumptions used in determining gratuity liability of Parent Company is as follows:

(Figures in Rs.)

Assumption	31 March 2010	31 March 2009
Discount rate	8.00%	7.85%
Expected return on assets	0.00%	9.00%
Salary Increase	3.00%	5.00%
Withdrawal rates	2.00%	2.00%
Mortality table	Indian Assured Lives Mortality (1994-96) (Modified) Ultimate	

(f) The principal actuarial assumptions used in determining gratuity liability of Subsidiary Company is as follows:

(Figures in Rs.)

Assumption	31 March 2010	31 March 2009
Discount rate	7.85%	0.00%
Expected return on assets	0.00%	0.00%
Salary Increase	5.00%	0.00%
Withdrawal rates	2.00%	0.00%
Mortality table	Indian Assured Lives Mortality (1994-96) (Modified) Ultimate	

The details of employee benefits of the Jointly Controlled Entity are as follows:

Defined Contribution Plan:

Contribution to Defined Contribution, recognized as expense for the year are as under:

	Current Year
Employer's Contribution to Provident Fund & Pension Scheme	14,46,078

Defined Benefit Plan:

The employees' gratuity fund scheme and leave encashment is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the projected unit credit method.

	Current Year (Rs.)	
	Gratuity (Unfunded)	Leave (Unfunded)
a. Reconciliation of opening and closing balances of defined benefit obligation:		
Defined Benefit obligation at beginning of the year	Nil	Nil
Current Service Cost	4,33,575	4,40,940
Past Service Cost	1,97,885	2,02,127
Interest Cost	36,642	46,021
Acquisition adjustment	Nil	Nil
Actuarial (gain)/ loss	-23,197	2,54,617
Benefits Paid	Nil	-51,373
Defined Benefit obligation at end of the year	6,44,905	8,92,331
b. Reconciliation of fair value of assets and obligations:		
Fair value of plan assets	Nil	Nil
Present value of obligation	6,44,905	9,43,704
Amount recognised in Balance Sheet	6,44,905	9,43,704
c. Expense recognised during the year:		
Current Service Cost	4,33,575	4,40,940
Past Service Cost	1,97,885	2,02,127
Interest Cost	36,642	46,021
Expected return on plan assets	Nil	Nil
Actuarial (gain)/ loss	-23,197	2,54,617
Net Cost	6,44,905	9,43,704
d. Actuarial assumptions:		
Mortality Table	Indian Assured Lives Mortality (1994 - 96)	Indian Assured Lives Mortality (1994 - 96)
Discount rate (per annum)	7.85%	7.85%
Expected rate of return on plan assets (per annum)	0%	0%
Rate of escalation in salary (per annum)	5%	5%
Withdrawal Rates	5%	5%

5. Contingent Liabilities

(Figures in Rs.)

Particulars	31.03.2010	31.03.2009
Bank Guarantees and Counter Guarantees	1,24,54,000	96,58,910
Letter of credit	8,45,71,868	5,41,49,038
Export Obligation	8,61,47,103	6,60,84,641
Corporate Guarantee	7,00,00,000	7,00,00,000
Total	25,31,72,971	19,98,92,589

6. Details of Deferred Tax assets and liabilities:

In view of the Accounting Standard 22 issued by Institute of Chartered Accountants of India, the significant component and classification of deferred tax liability/asset on account of timing difference comprises of the following:

(Figures in Rs.)

Particulars	31.03.2010	31.03.2009
Deferred Tax Liabilities		
On account of difference in Tax and Book Depreciation	1,20,55,374	1,24,80,081
On account of expenditure allowed on payment basis e.g. Contribution paid to Gratuity Fund Manager	3,25,063	-
Total	1,23,80,437	1,24,80,081
Deferred Tax Assets		
On account of expenditure charged @ 100% in the books and amortised in computation	9,90,145	9,90,144
Expenditures disallowed u/s 43B	8,05,780	13,36,057
Deferred Tax Liabilities (Net)	1,05,84,512	1,01,53,880

7. In the opinion of the Board, sundry debtors, loans and advances and other current assets and unsecured loans are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities is adequate and not in excess of the amount reasonably necessary. Some balances are subject to confirmation and reconciliation.
8. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as the year end together with interest paid / payable as required under the said Act have not been given.
9. **Earning per Share (EPS)**

(Figures in Rs.)

Particulars	31.03.2010	31.03.2009
Net Profit /(Loss)	3,46,80,980	1,19,76,958
Weighted Average number of shares outstanding at the end of the year	1,35,60,000	1,35,60,000
E.P.S. (Basic & Diluted)	2.56	0.89

10. **Managerial Remuneration**

(Figures in Rs.)

Particulars	31.03.2010	31.03.2009
Managerial Remuneration for directors	43,86,454	25,20,000
Directors Sitting Fees	85,000	90,000
Total	44,71,454	26,10,000

11. **Prior period items**

(Figures in Rs.)

Particulars	31.03.2010	31.03.2009
Income tax liability of earlier year	21,91,589	6,02,475
Transport Charges	-	30,740
Repairs & Maintenance Charges	19,270	3,400
Duties & Taxes	21,142	43,352
Telephone & Electricity Expenses	4,613	9,130
Wages	48,157	3,130
Sales Promotion & Staff Welfare	7,058	-
Professional Fees	26,472	-
Job-work Charges	1,19,512	-
Purchase	38,839	-
Misc.	8,480	-
Total expenses	24,85,132	6,92,227
Less : Income		
Reversal of Income Tax Liability of earlier years	-	44,87,788
Interest Income pertaining to financial year 2008-2009 accounted in current financial year	18,78,221	
Prior Period (Income) / Expenses - (net)	(6,06,911)	(37,95,561)

12. Derivative Instruments

There are no outstanding forward contracts entered into by the Company as on 31 March 2010.

The Foreign currency exposures that have not been hedged by any derivatives instrument or otherwise as on 31 March 2010 are as follows:

(Figures in Rs.)

Particulars	31.03.2010	31.03.2009
Assets (Receivable)	8,05,91,506	4,28,37,000
Liabilities (Payable)	16,60,87,271	15,46,20,000

13. Details of Secured Loans

(Figures in Rs.)

Particulars	31.03.2010	31.03.2009
Bang Overseas Ltd. (Parent Company)		
Cash Credit/Export Credit with ING Vysya Bank Ltd (Secured against hypothecation of inventories, book debts and personal guarantee of Directors Mr. Venugopal Bang and Mr. Brijgopal Bang)	9,61,76,361	9,50,94,678
Factoring Credit from The Hongkong and Shanghai Banking Corporation Ltd.	3,87,49,660	3,81,88,070
Term Loan with ING Vysya Bank Ltd. (Secured by equitable mortgage of Land, Building, hypothecation of plant and machinery at Bangalore factory units and personal guarantee of Directors Mr. Venugopal Bang and Mr. Brijgopal Bang)	-	94,34,100
Buyers Credit (Secured against hypothecation of inventories, book debts and personal guarantee of Directors Mr. Venugopal Bang and Mr. Brijgopal Bang)	12,29,18,786	12,07,85,327
HDFC Bank Car Loan (Secured against hypothecation of car)	11,02,330	1,67,796
Vedanta Creations Ltd. (Subsidiary Company)		
Short term loan from The Hongkong and Shanghai Banking Corporation Ltd	1,00,49,315	1,00,03,548
Cash Credit from The Hongkong and Shanghai Banking Corporation Ltd	19,20,227	-
Buyers Credit from The Hongkong and Shanghai Banking Corporation Ltd	2,34,86,277	-
Receivable Factoring loan from The Hongkong and Shanghai Banking Corporation Ltd	49,91,315	94,02,309
(All the above loans are Secured against hypothecation of inventories, book debts, personal guarantee of Directors Mr. Venugopal Bang and Mr. Brijgopal Bang and Corporate Guarantee of Parent Company)		
Aquarelle India Pvt. Ltd. (Jointly Controlled Entity)		
Export Packing Credit	2,41,15,240	-
Bill Discounted (All the above loans are Secured by hypothecation of current assets of the Company and collateral security by way of first charge on the fixed asset of the Company)	65,28,897	-

14 Interest in Joint Venture

The Company's interest in Jointly Controlled Entity is

Name of the Company	Country of Incorporation	Percentage of Ownership Interest as at 31st March 2010
Aquarelle India Pvt. Ltd.	India	50%
Amounts in respect of Joint Ventures - Balance Sheet		31 March 2010
		Amt. (Rs.)
Assets		
Fixed Assets net block (including Capital work in progress)		17,669,481
Investments		-
Current assets, loans and advances		
a) Inventories		17,256,362
b) Sundry Debtors		57,797,986
c) Cash and Bank Balance		6,213,588
d) Loans and Advances		10,368,879
Deffered Tax Assets		15,945
Liabilities		
Shareholders fund – reserves and surplus		3,974,398
Secured loans		30,644,137
Current liabilities		20,058,800
Provisions		644,905
Amounts in respect of Joint Ventures - Statement of Profit and Loss		
Turnover		183,487,310
<u>Expenses</u>		
Trade Purchases		23,462,608
Raw Material Consumption		96,380,835
Employee Compensation		25,869,940
Manufacturing, Administrative & Selling Expenses		26,124,541
Depreciation & Amortisation		2,183,130
Finance Expenses		3,257,804
Profit before tax		6,208,453
Provision for tax		2,234,056
Profit after tax		3,974,398
Contingent liability		21,482,945

15. Information on Related Party Disclosure

	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
Sales	-	-	44,028,343	44,028,343
Purchase	-	-	904,397	904,397
Loans (taken)	-	-	10,000,000	10,000,000
Loans taken from directors	4,001,000	-	-	4,001,000
Loan repaid	17,786,000	14,678,368	10,659,179	43,123,547
Interest	2,351,638	8,348,295	-	10,699,933
Salary	6,246,907	-	-	6,246,907
Rent	-	120,000	-	120,000

Name of Related Parties
Key Management Personnel

- | | | |
|---|---------------------|--|
| 1 | ShriVenugopal Bang | Chairman |
| 2 | Shri Brijgopal Bang | Managing Director |
| 3 | Shri Nagesh Badida | Managing Director of Jointly Controlled Entity |

Relatives of Key Management Personnel

- | | | |
|---|--------------------------|---|
| 1 | Shri Balaram Bang | Father of Shri Venugopal Bang & Brijgopal Bang |
| 2 | Smt. Radhadevi Bang | Mother of Shri Venugopal Bang & Brijgopal Bang |
| 3 | Smt. Taradevi Bang | Wife of Shri Venugopal Bang |
| 4 | Shri Raghvendra Bang | Son of Shri Venugopal Bang |
| 5 | Shri Giridhar Gopal Bang | Brother of Shri Venugopal Bang & Brijgopal Bang |
| 6 | Shri Raj Gopal Bang | Brother of Shri Venugopal Bang & Brijgopal Bang |
| 7 | Shri Nand Gopal Bang | Brother of Shri Venugopal Bang & Brijgopal Bang |

Enterprises owned or significantly influenced by key management personnel or their relatives

- | | |
|---|---|
| 1 | Bodywave Fashions (I) Pvt. Ltd. |
| 2 | Bang Data Forms Pvt. Ltd. |
| 3 | Ramkumar Venugopal Investment (I) Pvt. Ltd. |
| 4 | Adhitya Impex |

As per our report of even date

For Rajendra K Gupta & Associates
Chartered Accountants
Firm Registration No:108373W

For and on behalf of Board of Directors
BANG OVERSEAS LTD.

Rajendra Kumar Gupta

Partner
Membership No.: 9939

Place : Mumbai
Date : 1st September 2010

Venugopal Bang
Chairman

Place : Mumbai
Date : 1st September 2010

Brijgopal Bang
Managing Director

Kavita Lunawat
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1 REGISTRATION DETAILS

Registration No.:	L51900MH1992PLC067013	State Code	11
Balance Sheet Date :	31 March 2010		

2 CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. LACS)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

3 POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. LACS)

Total Liabilities	15,986.21	Total Assets	15,986.21
Sources of Funds			
Paid up Capital	1,356.00	Reserves & Surplus	9,221.89
Secured Loans	3,300.38	Unsecured Loans	2,002.08
Deffered Tax (Net)	105.85		
Application of Funds			
Net Fixed Assets	2,272.61	Investments	1,064.95
Net Current Assets	12,597.23	Misc. Expenditures	51.42

4 PERFORMANCE OF THE COMPANY (AMOUNT IN RS. LACS)

Total Income	17,239.11	Total Expenditure	16,678.43
Profit Before Tax	560.69	Profit After Tax	346.81
Earning per share (Rs.)	2.56	Dividend	NIL

5 GENERAL NAMES OF THE THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item Code No.	52084230	62052000	52052190
Product Description	Cotton Fabrics	Readymade Garments	Cotton Yarn

As per our report of even date

For Rajendra K Gupta & Associates
Chartered Accountants
Firm Registration No:108373W

Rajendra Kumar Gupta
Partner
Membership No.: 9939

Place : Mumbai
Date : 1st September 2010

For and on behalf of Board of Directors
BANG OVERSEAS LTD.

Venugopal Bang
Chairman

Brijgopal Bang
Managing Director

Kavita Lunawat
Company Secretary

Place : Mumbai
Date : 1st September 2010

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their 9th Annual Report of the Company for the year ended March 31, 2010.

Financial Results:

(Rs. In lacs)

Description	Year Ended 31.03.10	Year Ended 31.03.09
Sales	3342.12	2789.93
Other Income	94.37	8.08
Less: Total Expenditure	3256.69	2661.04
Earnings before Interest, Depreciation and Tax (EBIDT)	179.80	136.97
Less: Interest	22.89	58.67
Earning Before Depreciation And Tax (EBDT)	156.92	78.30
Less: Depreciation	4.17	5.74
Profit before Tax (PBT)	152.75	72.56
Less: Tax Provision (Current, Deferred, FBT and Earlier Year adjustment)	78.05	25.29
Profit after Tax (PAT)	74.69	47.27

Operations:

As the country witnessed the recovery phase from the recession, during the year under review, the Company also achieved total sales of Rs. 3342.12 lacs compared to Rs. 2789.93 lacs in the previous year hitting a growth rate of 19.79% p. a. responding quickly to positive market factors and consequently there was a growth in the Net Profit before Tax. However due to comparatively lower burden of interest during the year, the growth of Net Profit Before Tax was 110.52% p.a. enhancing the same from Rs. 72.56 Lacs in 2008-09 to Rs, 152.75 Lacs in 2009-10. The Net Profit After Tax also registered a growth of 58% p. a. taking the Net Profit After Tax to Rs. 74.69 Lacs from Rs. 47.27 lacs.

Dividend and transfer to Reserves

In order to conserve financial resources, your directors propose to plough back the profits for its operations and do not recommend any dividend for the year under review. No amount is proposed to be transferred to reserves.

Directors:

Your Directors continue to be on the Board and as per the provisions of the Companies Act, 1956, Mr. Purushottam Bang and Mr. Raghavendra Bang, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment as Directors of the Company.

Auditors:

M/s. Rajendra K Gupta & Associates, Chartered Accountants, Mumbai, the statutory auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Company has duly received communication from the proposed statutory auditors that their appointment if made shall be within the limits prescribed under section 224 of the Companies Act, 1956 and they do not suffer any disqualifications as laid down in Section 226 of the Act.

Auditors' Report:

The Auditors' Report does not contain any reservation, qualification or adverse remarks and hence, does not call for any comments under Section 217 of the Companies Act, 1956. Except a few instances, the company has regularly paid its statutory dues.

Particulars of Employees:

There are no employees drawing remuneration more than the limit prescribed in Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars in the Report of Board of Directors) Rules, 1988, Thus the Board is unable to furnish the prescribed details in this report.

Public Deposits:

Your Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956.

Energy Conservation, Technology Absorption and Foreign Exchange:

The information required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, is as follows:

Conservation of Energy

The operations of the company are not energy intensive. However measures are taken to reduce energy consumption by purchasing and using energy efficient equipments.

Research and Development

Considering the current business activities of the company, information under this heading is not applicable.

Technology Absorption, Adaptation and Innovation

The company endeavors to use modern technology to carry out its operations.

Foreign Exchange Earnings and Outgo:

Foreign Exchange Earnings	:	Nil
Foreign Exchange Outgo	:	Rs. 22,03,07,059/-

Directors' Responsibility Statement:

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, Directors of the Company confirm that:

- i. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with the proper explanations relating to material departures;
- ii. They have selected such accounting policies and applied them consistently and made judgments and 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 and of the profit of the Company for that period;
- iii. They 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 the preventing and detecting fraud and other irregularities;
- iv. They have prepared the annual accounts on a going concern basis.

Secretarial Compliance Certificate:

Pursuant to Section 383A of the Companies Act, 1956, a certificate from M/s. Kothari H & Associates, a firm of Company Secretary in Whole Time Practice, regarding status on compliance of the provisions of the Companies Act, 1956 by the Company has been annexed along with this report.

Acknowledgement:

Your Directors acknowledge with gratitude and wish to place on record, their deep appreciation of the continued support and cooperation received by the Company from the various Government authorities, Shareholders, Bankers, and Business Associates of the Company. Your Directors place on record their deep appreciation of the dedication and commitment of your Company's employees at all levels and look forward to their continued support in the future as well.

For and on behalf of the Board of Directors

Brijgopal Bang
Director

Venugopal Bang
Director

Place: Mumbai
Date: 31st August, 2010

Registered Office:

Unit no. 50, Kewal Industrial Estate,
Senapati Bapat Marg, Lower Parel (West),

COMPLIANCE CERTIFICATE

To,
The Members,
VEDANTA CREATIONS LIMITED,
(Formerly known as Vedanta Creations Private Limited)
50, Kewal Industrial Estate,
Senapati Bapat Marg,
Lower Parel (W), Mumbai 400 013

We have examined the registers, records, books and papers of **VEDANTA CREATIONS LIMITED**, (the Company) as particularly required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2010 (financial year). In our opinion, and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure `A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure `B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a Public Limited Company has the minimum prescribed paid-up capital and its number of members are 7 (Seven) and the Company during the year under scrutiny:
 - (i) has not invited public to subscribe for its shares or debentures; and
 - (ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Board of Directors met on the every quarter interval in respect of which meetings notices were given and the proceedings were recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March 2009 was held on 29th September, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were recorded in Minutes Book maintained for the purpose.
7. The Company did not hold any Extra-Ordinary General Meetings during the year.
8. As per explanation and information, the Company has not given any loan under section 295 of the Act.
9. The Company has duly entered into contracts, which are falling within the purview of Section 297 of the Act.
10. The Company has made the necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13. During the financial year;
 - a. There was no transfer or allotment or transmission of securities during the year.
 - b. The Company has not deposited any amount in a separate bank account as no dividend was declared.
 - c. The Company has not posted warrants to any member of the Company as no dividend was declared.
 - d. There was no amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued which have remained unclaimed or unpaid for a period of seven years be transferred to Investor Education and Protection Fund.

- e. The Company has complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is properly constituted. There was confirmation of additional director during the financial year.
 15. The Company has not appointed any Managing Director/ Whole Time Director under Section 269 of the Act.
 16. The Company has not appointed any sole selling agents during the financial year.
 17. The Company has complied with the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
 18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
 19. The Company has not issued equity shares and did not issued debentures or other securities during the financial year.
 20. The Company has not bought back any shares during the financial year.
 21. There was no redemption of preference shares or debentures during the financial year.
 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
 24. The amount borrowed by the Company during the financial year ending is within the borrowed limits as per section 293(1)(d) of the Act.
 25. The Company has complied with the provision of Section 372A of the Act with regard to loans given, investment made, or guarantee given or securities provided to other body corporate during the financial year.
 26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
 27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny.
 28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny.
 29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the company during the year under scrutiny.
 30. The Company has not altered its Articles of Association during the financial year.
 31. There was no prosecution initiated against or show cause notices received by the Company, during the financial year for offences under the Act.
 32. The Company has not received any money as security from its employees during the financial year.
 33. The Company has not deducted any contribution towards Provident Fund during the financial year in terms of Section 418 of the Act as the said Section is not applicable to the Company.

FOR KOTHARI H. & ASSOCIATES
Company Secretaries

Hitesh Kothari
(Proprietor)
C. P. No. 5502

Place: Mumbai
Date: 31st August, 2010

Annexure A

Registers as maintained by the Company

1. Register of members under Section 150
2. Register of Share Transfers
3. Register of particulars of contracts in which directors are interested under Section 301
4. Register of directors, managing director, manager and secretary under Section 303.
5. Register of director's shareholding under Section 307.
6. Minutes book of General Meetings and Board Meetings under Section 193.
7. Register of Director's Attendance
8. Register of Investment under Section 49
9. Register of Interoperate Investment, loan & Guarantee under Section 372A.

FOR KOTHARI H. & ASSOCIATES

Company Secretaries

Hitesh Kothari

(Proprietor)
C. P. No. 5502

Place: Mumbai

Date : 31st August, 2010

Annexure B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2010.

Sr. No.	Form No./ Return	Filed under Section	For	Date of filing	Whether filed within prescribed time Yes/ No	If delay in filing whether requisite additional fee paid Yes/ No
1	Balance Sheet as on 31.03.2009	220	Annual Requirement	16/10/2009	No	Yes
2	Annual Return made for the Financial year 2008-09	159	Annual Requirement	19/11/2009	No	Yes
3	Compliance Certificate	383A	Annual Requirement	16/10/2009	No	Yes
4	Form 22 B	187C(4)	Declaration of Beneficial interest on becoming subsidiary	1/9/2009	No	Yes
5	Form 22 B	187C(4)	Declaration of Beneficial interest on being converted into Public Limited Company	26/11/2009	No	Yes

FOR KOTHARI H. & ASSOCIATES

Company Secretaries

Hitesh Kothari

(Proprietor)
C. P. No. 5502

Place: Mumbai

Date : 31st August, 2010

AUDITOR'S REPORT

To,
The Members of
Vedanta Creations Limited

We have audited the attached Balance Sheet of Vedanta Creations Limited as at March 31, 2010, and also the Profit and Loss account and the Cash Flow statement annexed thereto for the year ended on that date. 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.

1. We have 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report)(Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
3. Further to our comments in the Annexure referred to in paragraph 2 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 purpose 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; proper returns adequate for the purpose of our audit have been received from the branches not visited by us.
 - (c) The Balance Sheet and the Profit and Loss Account and Cash Flow dealt with in this report are in agreement with the books of accounts; and with the returns received from the branches
 - (d) In our opinion, the Balance Sheet and the Profit and Loss Account and Cash Flow dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956, and
 - (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 and attached thereto give in the prescribed manner the information required by the Companies Act, 1956 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, 2010;
 - (ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date;
 - (iii) in the case of Cash Flow statement of the cash flows for the year ended on that date.

For Rajendra K Gupta & Associates
Chartered Accountants
Firm Registration No.: 108373W

Rajendra Kumar Gupta
Partner
Membership No. 9939

Place: Mumbai
Date: 31st August, 2010

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 2 of our report of the even date)

- (i) In respect of fixed assets:
 - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
 - (b) The fixed assets of the company have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification:
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion not affected the going concern status of the Company
- (ii) In respect of inventories:
 - (a) As explain to us, the inventories have been physically verified by the management during the year.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
 - (c) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of inventories.
- (iii) In respect of loans taken / granted:
 - (a) According to the information and explanation given to us, the Company has taken unsecured loans from one party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount due during the year is Rs. 6,00,000/- and the year end balance is Nil.
 - (b) According to the information and explanation given to us, the Company has not granted loans to the Companies, firms, directors and the other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - (c) In our opinion the terms and conditions on which the loan has been taken by the company are not prima facie prejudicial to the interest of the company.
 - (d) The Company is regular in repaying principal amount and interest as stipulated.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of it's business for the purchase of Inventory and Fixed assets and sale of goods. During the course of our audit, we have not observed any continuing failure to correct measure weaknesses in such internal controls.
- (v) In respect of register maintained under Section 301 of the Companies Act, 1956:
 - (a) Based on the information and explanations given to us, the transaction pertaining to contracts and arrangements that need to be entered in to a register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
 - (b) According to information and explanation given to us, the transactions made in pursuance of such contract or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.5,00,000/- or more in respect of any party have been made at prices which are reasonable having regards to the prevailing market prices.
- (vi) The Company has not accepted any deposit as referred to in Section 58A and 58AA of the Companies Act, 1956. We are informed that no order relating to the Company has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the internal audit functions carried out during the year by the Internal Auditor have been commensurate with the size of the Company and nature of it's business.

- (viii) As informed to us, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.
- (ix) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has slightly delayed in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax and custom duty have generally being regularly deposited with the appropriate authorities. There are no statutory disputed dues as at 31 March 2010.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank.
- (xii) According to the information and explanations given to us , the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a nidhi / mutual benefit fund / society.
- (xiv) In our opinion the Company is not a dealer or trader in shares, securities, debentures and other investments. All the Investments made by the Company are in the name of the Company.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the explanation given, overall basis the term loan were applied for the purpose for which they were raised.
- (xvii) Based on the information and explanation given to us and over all examination of Balance Sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment and vice versa.
- (xviii) The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Act.
- (xix) The Company has not issued any debentures.
- (xx) No money has been raised by way of public issue directly by the Company during the financial year, hence this clause is not applicable.
- (xxi) To the best of our knowledge and belief and according to the information and explanation given to us no fraud on or by the Company has been noticed or reported during the course of our audit.
- (xxii) On the basis of share holding, the Company is a subsidiary Company of Bang Overseas Limited and all the Acts and Rules applicable as per the Company Law to the Holding Company automatically implies on them irrespective of their previous status.

For Rajendra K.Gupta & Associates

Chartered Accountants
Firm Registration No: 108373W

Rajendra Kumar Gupta
Partner
Membership No: 9939

Place: Mumbai
Date: 31st August, 2010

Balance Sheet as at March 31, 2010

Particulars	Schedules	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	1	2,847,500	2,847,500
Reserves & Surplus	2	94,429,958	86,961,173
Loan Funds			
Secured Loan	3	40,447,134	19,405,857
		<u>137,724,592</u>	<u>109,214,530</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	3,158,715	3,727,962
Less: Accumulated Depreciation		<u>(1,912,806)</u>	<u>(1,965,476)</u>
Net Block		1,245,909	1,762,486
Deferred Tax Asset (Refer Note B4 of the Schedule 16)		23,865	5,626
Current Assets, Loans and Advances			
Inventories	5	21,209,136	32,777,243
Sundry Debtors	6	55,269,798	78,300,234
Cash and Bank Balances	7	6,692,008	16,291,417
Loans and Advances	8	<u>61,151,406</u>	<u>3,784,621</u>
		<u>144,322,348</u>	<u>131,153,514</u>
Less: Current Liabilities and Provisions			
Current Liabilities	9	2,964,631	23,737,165
Provisions	10	<u>4,902,899</u>	<u>(30,068)</u>
		<u>7,867,530</u>	<u>23,707,097</u>
Net Current Assets		<u>136,454,818</u>	<u>107,446,418</u>
		<u>137,724,592</u>	<u>109,214,530</u>
Notes on Accounts	16		

The schedules referred to above and notes to accounts forms integral part of Balance Sheet.

As per our report of even date

For Rajendra K Gupta & Associates

Chartered Accountants

Firm Registration No:108373W

For and on behalf of Board of Directors

VEDANTA CREATIONS LTD.

Rajendra Kumar Gupta

Partner

Membership No.: 9939

Venugopal Bang

Chairman

Brijgopal Bang

Managing Director

Place : Mumbai

Date : 31st August, 2010

Place : Mumbai

Date : 31st August, 2010

Profit and Loss Account for the year ended March 31, 2010

Particulars	Schedules	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
INCOME			
Sales		334,211,756	278,992,839
Other Income	11	9,437,227	808,062
Increase / (Decrease) in inventories	12	(11,568,106)	(30,547,603)
		<u>332,080,876</u>	<u>249,253,298</u>
EXPENDITURE			
Purchase of Trading Goods		297,658,700	218,740,542
Employee Compensation	13	4,630,769	4,467,199
Administrative & Selling Expenses	14	10,886,916	11,312,000
Depreciation	4	417,413	574,454
Finance Expenses	15	3,212,818	6,903,603
		<u>316,806,617</u>	<u>241,997,798</u>
Profit Before Tax, Extra Ordinary Item and Prior Period Items		15,274,260	7,255,501
Provisions for Tax :			
- Current Tax		5,800,000	2,500,000
- Deferred Tax		(18,239)	(51,298)
- Fringe Benefit Tax		-	80,000
Profit after tax and Before Extra Ordinary Item and Prior Period Items		9,492,499	4,726,799
Prior Period Items		2,023,714	-
Net Profit		7,468,785	4,726,799
Balance Profit Brought Forward from Previous Year		78,918,500	74,191,701
Surplus Carried Over to Balance Sheet		<u>86,387,285</u>	<u>78,918,500</u>
Earning per Share – Basic and Diluted		26.23	16.60
Notes on Accounts	16		

The schedules referred to above and notes to accounts forms integral part of the Profit and Loss Account
As per our report of even date

For Rajendra K Gupta & Associates
Chartered Accountants
Firm Registration No:108373W

For and on behalf of Board of Directors
VEDANTA CREATIONS LTD.

Rajendra Kumar Gupta
Partner
Membership No.: 9939

Venugopal Bang
Chairman

Brijgopal Bang
Managing Director

Place : Mumbai
Date : 31st August, 2010

Place : Mumbai
Date : 31st August, 2010

Cash Flow Statement for the year ended March 31, 2010

Particulars	2009-2010 Amount (Rs.)	2008-2009 Amount (Rs.)
A. Cash flow from Operating Activities		
Net profit before taxation	15,274,260	7,255,501
Adjustments for:		
Depreciation	417,413	574,454
(Profit) / Loss on sale of Fixed Assets	24,917	(121,782)
Sundry Balances Written off	(621,976)	-
Exchange rate fluctuation loss/(gain)	(1,971,085)	905,061
Interest income	(215,532)	(671,076)
Bad Debts Written Off	2,079,872	-
Interest expense	2,288,180	5,867,282
Operating profit before Working Capital changes	17276048	13809440
Decrease / (Increase) in sundry debtors	23,030,436	16,294,086
Decrease / (Increase) in inventories	11,568,107	30,547,604
Decrease/(Increase) loans and advances	(56,706,236)	15,963,599
Increase / (Decrease) in current liabilities	(20,772,533)	(18,248,827)
Cash generated from operations	(25,604,179)	58,365,902
Direct taxes paid	(3,038,106)	(7,047,047)
Net Cash from Operating Activities	(28,642,285)	51,318,855
B. Cash flows from Investing activities		
Purchase of Fixed Assets	(245,753)	(130,988)
Receipt from sale of assets	320,000	287,440
Interest received	215,532	671,076
Net Cash from Investing Activities	289,779	827,528
C. Cash flows from Financing Activities		
Unsecured Loans	-	(35,076,035)
Proceeds from working capital borrowing	21,041,277	(3,424,040)
Interest paid	(2,288,180)	(5,867,282)
Net cash from Financing Activities	18,753,097	(44,367,357)
Net increase in cash and cash equivalents (A + B + C)	(9,599,409)	7,779,026
Cash and cash equivalents at the beginning of the year	16,291,417	8,512,391
Cash and cash equivalents at the end of the year	6,692,008	16,291,417

As per our report of even date
For Rajendra K Gupta & Associates
Chartered Accountants
Firm Registration No:108373W

Rajendra Kumar Gupta
Partner
Membership No.: 9939

Place : Mumbai
Date : 31st August, 2010

For and on behalf of Board of Directors
VEDANTA CREATIONS LTD.

Venugopal Bang **Brijgopal Bang**
Chairman Managing Director

Place : Mumbai
Date : 31st August, 2010

Schedules forming part of Balance Sheet as at March 31, 2010

Particulars	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
Schedule 1 : Share Capital		
Authorised		
10,00,000 Equity Shares of Rs. 10 each (Previous Year 10,00,000 Equity Shares of Rs. 10 each)	<u>10,000,000</u>	<u>10,000,000</u>
Issued, Subscribed & Paid Up		
2,84,750 Equity Shares of Rs. 10 each fully paid (Previous Year 2,84,750 shares @ 10 each) (of the above 2,00,000 shares of Rs. 10 each were allotted as bonus shares in earlier years) (of the above all the Equity Shares are held by Holding Company, Bang Overseas Ltd.)	<u>2,847,500</u>	<u>2,847,500</u>
Schedule 2 : Reserves & Surplus		
Share Premium Account	3,127,500	3,127,500
General Reserve	4,915,173	4,915,173
Profit and Loss Account	<u>86,387,285</u>	<u>78,918,500</u>
	<u>94,429,958</u>	<u>86,961,173</u>
Schedule 3 : Secured Loan		
Short Term Loan from The Hongkong and Shanghai Banking Corporation Limited.	10,049,315	10,003,548
Cash Credit from The Hongkong and Shanghai Banking Corporation Limited.	1,920,227	-
Buyers Credit from The Hongkong and Shanghai Banking Corporation Limited.	23,486,277	-
Receivable Factoring Loan from The Hongkong and Shanghai Banking Corporation Limited. (Secured on Hypothecation of Stock, Book Debts and personal gaurantee of Directors Mr. Venugopal Bang and Mr. Brijgopal Bang and Corporate Gurantee of Holding Company)	4,991,315	9,402,309
	<u>40,447,134</u>	<u>19,405,857</u>

Schedules forming part of Balance Sheet as at March 31, 2010

Schedule 4 - Fixed Assets

Particulars	Gross Block			Depreciation			Net Block			
	as at 01/04/2009	Addition	Deduction	as on 31/03/2010	up to 01/04/2009	for the Year	Depreciation Adjustment	up to 31/03/2010	as on 31/03/2010	as on 31/03/2009
Office Equipment	718,687	42,800	-	761,487	320,959	61,407	-	382,366	379,121	397,728
Furniture & Fixture	154,561	47,039	-	201,600	94,343	13,139	-	107,482	94,118	60,218
Electric Installation	79,217	-	-	79,217	48,262	-	-	48,262	30,955	30,955
Computer System	968,502	155,914	-	1,124,416	767,846	114,084	-	881,930	242,486	200,656
Vehicles	1,806,995	-	815,000	991,995	734,066	228,784	470,083	492,767	499,228	1,072,929
Total	3,727,962	245,753	815,000	3,158,715	1,965,476	417,413	470,083	1,912,806	1,245,909	1,762,486
Previous year 08-09	4,175,789	130,988	578,815	3,727,962	1,804,177	574,454	413,155	1,965,476	1,762,486	

Schedules forming part of Balance Sheet as at March 31, 2010

Particulars	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
Schedule 5 : Inventories		
(As taken, valued & certified by the management)		
Trade Goods	<u>21,209,136</u>	<u>32,777,243</u>
	<u>21,209,136</u>	<u>32,777,243</u>
Schedule 6 : Sundry Debtors		
(Unsecured and considered good)		
Debts outstanding for a period exceeding six months	46,431,853	10,491,038
Other Debtors	<u>8,837,945</u>	<u>67,909,196</u>
	<u>55,269,798</u>	<u>78,400,234</u>
Less: Provision for Doubtful Debts	-	100,000
	<u>55,269,798</u>	<u>78,300,234</u>
Schedule 7 : Cash & Bank Balances		
Cash on hand	183,231	281,772
Balances with Scheduled banks in current accounts	1,246,534	10,972,404
: in Fixed Deposit Account	<u>5,262,242</u>	<u>5,037,240</u>
	<u>6,692,008</u>	<u>16,291,417</u>
Schedule 8 : Loans & Advances		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or value to be received	20,978,515	2,884,228
Receivable from Parent Company	39,446,498	-
Deposits	<u>726,393</u>	<u>900,393</u>
	<u>61,151,406</u>	<u>3,784,621</u>
Schedule 9 : Current Liabilities		
Sundry creditors for goods	393,262	21,019,922
Sundry creditors for others	2,368,447	2,642,033
Interest accrued but not due on loans	61,879	-
Duties and Taxes	<u>141,043</u>	<u>75,209</u>
	<u>2,964,631</u>	<u>23,737,165</u>
Schedule 10 : Provisions		
Provision for taxation (net of advance payment)	4,715,263	(35,068)
Provision for Fringe Benefit Tax (net of advance payment)	649	5,000
Provision for Gratuity	<u>186,987</u>	<u>-</u>
	<u>4,902,899</u>	<u>(30,068)</u>
Schedule 11 : Other Income		
Interest on bank deposits (CY : TDS Rs. 39,800/- PY Rs. 161,370/-)	215,532	671,076
Duty Drawback	-	15,205
Miscellaneous income	7,265	-
Foreign Exchnage Gain	8,592,453	-
Excess Claim received on theft of Vehicle	-	121,782
Sundry Balances Written Off	<u>621,976</u>	<u>-</u>
	<u>9,437,227</u>	<u>808,062</u>
Schedule 12 : Increase / (Decrease) in Stock		
Opening Stock	32,777,242	63,324,846
Less: Closing Stock	<u>21,209,136</u>	<u>32,777,243</u>
	<u>(11,568,106)</u>	<u>(30,547,603)</u>

Schedules forming part of Profit and Loss Account for the year ended March 31, 2010

Particulars	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
Schedule 13 : Employee Compensation		
Salary, Wages and bonus	4,074,336	4,214,937
Contribution to Provident Fund and ESIC	210,098	147,550
Gratuity Expenses	186,987	-
Staff Welfare Expenses	159,348	104,712
	4,630,769	4,467,199
 Schedule 14 : Administrative, Selling & General Expenses		
Electricity Charges	274,504	307,361
Freight, Forwarding, Transport Charges & Octroi Charges	963,812	1,497,362
Rent, Rate & Taxes	2,033,231	2,267,770
Insurance Expenses	109,115	161,205
Repairs & Maintenance Charges (Others)	251,032	118,920
Sales Promotion Expenses	89,562	186,680
Brokerage and commission	1,924,756	916,844
Travelling Expenses	557,278	458,754
Conveyance Expenses	79,894	238,601
Postage & Communication Expenses	218,509	212,056
Printing and stationary	217,593	196,842
Legal & Professional Expenses	548,846	53,900
Directors Remuneration	126,000	120,000
Auditor's remuneration		
- Audit Fees	30,000	30,000
- Tax Audit Fees	20,000	20,000
Exchange Difference (net)	-	2,840,114
Vehicle Expenses	99,992	166,053
Packing Material Expenses	1,048,969	1,332,803
Bad Debts	2,079,872	-
Miscellaneous Expenses	189,034	186,733
Loss on sale of Assets	24,917	-
	10,886,916	11,312,000
 Schedule 15 : Finance Expenses		
- On working capital loan	2,288,180	2,161,842
- On others	-	3,705,440
Bank Charges	924,639	1,036,320
	3,212,818	6,903,603

SCHEDULE 16

NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation of Financial Statements

The financial statements have been prepared to comply in all material respects with the standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which impairment is made and revaluation is carried out and derivative instruments. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in previous year.

2. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

3. Fixed Assets

Fixed assets are stated at cost (or re-valued amounts, as the case may be), less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to construction of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use. Financing costs not relating to construction of fixed assets are charged to the income statement.

Depreciation

Depreciation on the fixed assets has been provided for on written down value method at the rates prescribed and in the manner specified in Schedule XIV to the Companies Act, 1956.

Impairment

- i. The carrying amounts of assets are reviewed at each balance sheet date if there are impairment indicators. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the WACC.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- iii. A previously recognised impairment loss is increased or decreased based on reassessment of recoverable amount, which is carried out if the change is significant. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

4. Intangible Assets

Intangible assets include miscellaneous expenditures that are capitalized if specific criteria are met and are amortised over their useful life, generally not exceeding 5 years. The recoverable amount of an intangible asset that is not available for use or is being amortized over a period exceeding 5 years should be reviewed at least at each financial year end even if there is no indication that the asset is impaired.

5. Leases

Where the Company is the lessee

Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are transferred to the company, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged to income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalized

leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the P&L Account.

6. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost, less provision for diminution in value other than temporary.

7. Inventories

Inventories are valued at lower of cost or net realisable value determined on FIFO basis.

8. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales revenue is net of sales returns, discounts and rebates.

(ii) Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(iii) Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.

9. Foreign Exchange Transaction

- (a) Transaction denominated in foreign currencies is normally recorded at the exchange rate prevailing at the time of the transaction.
- (b) Monetary items denominated in foreign currency as at the balance sheet date are translated at the year end exchange rate.
- (c) Premium on forward cover contracts in respect of import of raw material is charged to profit & loss account over the period of contracts except in respect of liability for acquiring fixed assets, in which case the difference are adjusted in carrying cost of the same.

10. Employee benefits

- i Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the statutory authority are due.
- ii. Gratuity liability are defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

11. Current Tax and Deferred Tax

- (i) Provision for current tax is made after taking into consideration benefits admissible under the provision of the Income Tax Act, 1961.

- (ii) Deferred tax resulting from timing difference between the book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date.

12. Earning per share

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and diluted equity equivalent shares outstanding during the year except where the results would be anti-dilutive

13. Cash Flow Statement

Cash flow statement is reported using the indirect method as specified in the Accounting standard (AS)-3, 'Cash Flow Statement' issued by The Institute of Chartered Accountants of India.

14. Provision, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

B. NOTES ON ACCOUNTS:

1. Previous year figure has been regrouped, rearranged and restated whenever necessary.

2. Segment Reporting:

The Company operates in only one reportable segment that is trading of textile in India. Therefore no separate disclosure of segment wise information is required.

3. Contingent Liabilities

(Rs.)

Particulars	31.03.2010	31.03.2009
Letter of credit	NIL	15,91,550
Total	NIL	15,91,550

4. Details of Deferred Tax assets and liabilities:

In view of the Accounting Standard 22 issued by Institute of Chartered Accountants of India, the significant component and classification of deferred tax liability/asset on account of timing difference comprises of the following:

(Rs.)

Particulars	31.03.2010	31.03.2009
Deferred Tax Liabilities / (Assets)		
On account of difference in Tax and Book Depreciation	(23,865)	(5,626)

5. In the opinion of the Board, sundry debtors, loans and advances and other current assets and unsecured loans are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities is adequate and not in excess of the amount reasonably necessary. Some balances are subject to confirmation and reconciliation.

6. Earning per Share (EPS)

Particulars	31.03.2010	31.03.2009
Net Profit /(Loss)	74,68,785	47,26,799
Weighted Average no. of shares outstanding at the end of the year	2,84,750	2,84,750
E.P.S. (Basic & Diluted)	26.23	16.60

7. Managerial Remuneration

Particulars	31.03.2010	31.03.2009
Managerial Remuneration for directors	1,26,000	1,20,000

8. Employee benefit plan:

The Company provides for gratuity expenses on the basis of actuarial valuation. The Company does not have any fund for gratuity liability and same is accounted for as provisions.

The following tables summarises the components of net benefit / expenses recognized in the Profit & Loss Account and Balance Sheet for the respective plan.

(a) Expenses recognized in Profit & Loss Account for the year ended 31 March 2010:

(Figures in Rs.)

	2009-2010
Current service cost	49,209
Interest cost	-
Expected return on Assets	-
Actuarial (gains) / losses	1,37,778
Past service cost	-
Net expenses	1,86,987

(b) Net Asset / (Liability) recognized in the Balance Sheet as at 31 March 2010:

(Figures in Rs.)

	As at 31 March 2010
Defined benefit obligation	1,86,987
Fair value of plan assets	-
Fund status [Surplus/(Deficit)]	(1,86,987)
Net Assets / (Liability)	(1,86,987)

(c) Changes in present value of defined benefit obligation are as following:

(Figures in Rs.)

	2009-2010
Opening defined benefit obligation	-
Current service cost	49,209
Interest cost	-
Benefit paid	-
Actuarial (gains) / Losses	1,37,778
Closing defined benefit obligation	1,86,987

(d) The principal actuarial assumptions used in determining gratuity liability is as follows:

(Figures in Rs.)

Assumption	31 March 2010
Discount rate	7.85%
Expected return on assets	0.00%
Salary Increase	5.00%
Withdrawal rates	2.00%
Mortality	Indian Assured Lives Mortality (1994-96) (Modified ultimate)

9. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence discloses, if any relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given. The supplies to the Company are mainly import of fabric.

10. Addition information pursuant to the provisions of Part II of the Schedule VI of the Companies Act 1956.

i) Quantitative information.

- a) Installed Capacity NA
- b) Purchase / Production, Consumption / Sales: As per annexure "A" attached.

ii) Value of imported and indigenous Raw Material consumed during the year

Description	Current year		Previous year	
	Imported	NIL	NIL	NIL
Indigenous				
Fabrics	NIL	NIL	NIL	NIL
Trims				

iii) C.I.F Value of imports, Expenditure and Earning in Foreign exchange.

Particulars	Current Year	Previous Year
C I F Value of Imports (Fabric)	Rs. 22,03,07,059	Rs. 7,53,86,793
Foreign Travelling Expenses	Rs. 19,600	NIL
CIF Value of Exports (Fabric)	NIL	NIL

11. Prior Period Items

Particulars	31.03.2010	31.03.2009
Income Tax Liability of earlier years	20,15,246	-
Bonus Expenses	8,468	-
Total	20,23,714	-

12. Derivative Instruments

There are no outstanding forward contracts entered into the Company as on 31 March 2010.

The Foreign currency exposures that have not been hedged by any derivatives instrument or otherwise as on 31 March 2010 are as follows:

(Figures in Rs.)

Particulars	31.03.2010	31.03.2009
Liabilities (Payable)	2,34,86,277	-
Total	2,34,86,277	-

For Rajendra K.Gupta & Associates
Chartered Accountants
Firm Registration No.: 108373W

For and on behalf of Board of Directors
Vedanta Creations Ltd.

Rajendra Kumar Gupta
Partner
Membership No. 9939

Venugopal Bang
Director

Brijgopal Bang
Director

Date: 31st August, 2010
Place: Mumbai

13. Information on Related Party Disclosure

	Holding Company	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
Sales	14,715,593	-	-	175,571	14,891,164
Purchase	156,929,928	-	-	8,698	156,938,626
Loans taken from directors	-	600,000	-	-	600,000
Loan repaid	-	600,000	-	-	600,000
Salary	-	126,000	-	-	126,000
Rent	-	-	120,000	-	120,000

Names of related parties

Holding Company: Bang Overseas Limited

Key Management Personnel

1	Shri Venugopal Bang	Director
2	Shri Brijgopal Bang	Director
3	Shri Raghavendra Bang	Director
4	Shri Purshottam Bang	Director

Relatives of Key Management Personnel

1	Shri Balaram Bang	Father of Shri Venugopal Bang & Brijgopal Bang
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Enterprises owned or significantly influenced by key management personnel or their relatives

1	Bang Data Forms Pvt. Ltd.
2	Ramchandar Shivnarayan
3	Shree Balaji Fabrics

For Rajendra K.Gupta & Associates

Chartered Accountants
Firm Registration No.: 108373W

Rajendra Kumar Gupta

Partner
Membership No. 9939

For and on behalf of Board of Directors
Vedanta Creations Ltd.

Venugopal Bang
Director

Brijgopal Bang
Director

Date: 31st August, 2010

Place: Mumbai

ANNEXURE - " A " OF NOTES OF ACCOUNTS

Additional information pursuant to the provisions of para 3 & 4 of part II of Schedule VI of the Companies Act.

A) Opening stock, purchases, sales & closing stock of Trade Goods.

Particulars	Unit	Opening Stock		Purchase (Net)		Sales (Net)		Closing Stock (FIFO)	
		Qty/pcs	Amount	Qty/pcs	Amount	Qty/pcs	Amount	Qty/pcs	Amount
Cotton Fabric	MTR	306,991 (755,818)	32,653,909 (63,201,512)	3,337,837 (2,449,048)	297,658,700 (218,740,542)	3,466,463 (2,897,875)	334,211,756 (278,992,839)	223,446 (755,818)	21,085,802 (63,201,513)
Readymade Shirts	PCS	400	123,334 (123,334)	- -	- -	- -	- -	400	123,334 (123,334)
Total			32,777,243		297,658,700		334,211,756		21,209,136

**ANNEXURE TO THE SCHEDULE N (ITEM 15), ATTACHED TO THE BALANCE SHEET FOR
THE YEAR ENDED 31ST MARCH, 2010**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1 REGISTRATION DETAILS

Registration No.:	U 18101 MH 2001 PLC 133052	State Code	11
Balance Sheet Date :	31 March 2010		

2 CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

3 POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities	137725	Total Assets	137725
Sources of Funds			
Paid up Capital	2848	Reserves & Surplus	94430
Secured Loans	40447	Unsecured Loans	0
Application of Funds			
Net Fixed Assets	1246	Investments	0
Net Current Assets	136455	Deferred Tax Assets	24
Accumulated Losses	NIL		

4 PERFORMANCE OF THE COMPANY (AMOUNT IN RS. THOUSANDS)

Sales & Other Income	332081	Total Expenditure	316807
Profit/(Loss) Before Tax	15274	Profit/(Loss) After Tax	7469
Earning per share (Rs.)	26.23	Dividend	NIL

5 GENERIC NAMES OF THE THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(AS PER MONETARY TERMS)

Item Code No. (ITC Code)	5208	Product Description	Fabrics
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As per our report of even date

For Rajendra K Gupta & Associates
Chartered Accountants
Firm Registration No:108373W

For and on behalf of Board of Directors
VEDANTA CREATIONS LTD.

Rajendra Kumar Gupta
Partner
Membership No.: 9939

Venugopal Bang **Brijgopal Bang**
Director Director

Place : Mumbai
Date : 31st August, 2010

Place : Mumbai
Date : 31st August, 2010

BANG OVERSEAS LIMIEDT

Registered Office: Masjid Manor, IInd floor, 16 Homi Modi Street, Fort, Mumbai-400 023

PLEASE FILL THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.
Joint shareholders may obtain additional Attendance Slip on request.

DP ID*	
Client ID*	

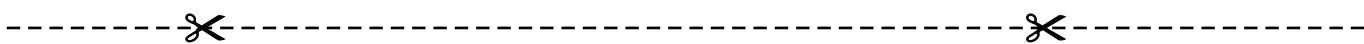
Master Folio No.	
No. of Shares	

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the **18TH ANNUAL GENERAL MEETING** of the Company held on Thursday, 30th September 2010 at 10:00 A.M. at Maheshwari Bhavan, 603, Jagannath Shankar Seth Road, Mumbai-400 002.

* Applicable for investors holding shares in dematerialised form.

Signature of the Shareholder or proxy



PROXY FORM

BANG OVERSEAS LIMIEDT

Registered Office: Masjid Manor, IInd floor, 16 Homi Modi Street, Fort, Mumbai-400 023

DP ID*	
Client ID*	

Master Folio No.	
No. of Shares	

I/We..... of
.....being a member/members of **Bang Overseas Limited**
hereby appoint.....
of..... or failing
him.....
..... of as
my/our proxy to vote for me/us and on my/our behalf at the **18TH ANNUAL GENERAL MEETING** of the
Company to be held on Thursday, 30th September 2010 at 10:00 A.M. or at any adjournment thereof.

Signed.....day of.....2010.

Affix a
15 paise
revenue
stamp

*Applicable for investors holding shares in dematerialised form.

NOTE:

1. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.
2. Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The Company shall provide additional forms on request.

