

## REPORT ON CORPORATE GOVERNANCE

The Company is a public company registered in India and incorporated in Clause 49 of the Listing Agreement is set out below:

### 1. PHILOSOPHY OF CORPORATE GOVERNANCE:

Corporate Governance is both the structure and relationships which determine corporate direction and performance. Integrity, fairness, equity, transparency, accountability and commitment to values are the foundation of Corporate Governance. Good governance practices stem from the quality and mindset of the organisation.

Bang Overseas visualizes 'Corporate Governance' as a process which provides transparency of corporate policies, strategies and the decision-making process and also strengthens internal control systems and helps in building relationship with stakeholders. The Company believes that all its actions must serve the underlying goal of enhancing overall shareholding value over a sustained period of time and sound corporate governance is critical to enhance and retain investor trust.

### 2. BOARD OF DIRECTORS

#### a) Composition

The Board of Directors consists of five members, including three independent directors. The Chairman being an Executive Director, as per Listing Agreement, the Company should have minimum three Independent Directors. The Company has three 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.

Category	Name of Director
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. V. D. Ajgaonkar

Pursuant to the provisions of the Companies Act 1956, Dr. Mithilesh Kumar Sinha and Mr. Viswanath Cheruvu, are independent directors.

None of the Directors on the Company's Board is a member of more than ten committees and Chairman of more than one committee. The Company has disclosed the details of the committees and the positions held by them in other companies. Also none of the Directors on the Board has any financial interest in the Company.

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 agenda for the Board Meetings and committee meetings, containing relevant information/ supporting data, as required, are distributed well in advance to all the Board members from time to time in a structured manner, to enable the Board to take informed decisions. 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, 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 29th April 2008, 31st July 2008, 25th August 2008, 31st October 2008 and 28th January 2009.

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)	Promtor Director	5	5	Yes	1	15,21,000
Mr. Venugopal Bang (Chairman)	Promtor Director	5	5	Yes	1	27,06,600
Mr. Viswanath Cheruvu (Independent Director)	Non Executive Director	5	3	No	1	Nil
Dr. Mithilesh Kumar Sinha (Independent Director)	Non Executive Director	5	5	No	7	Nil
Mr. V D Ajgaonkar (Independent Director)	Non Executive Director	5	5	Yes	4	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,
- 5bma UHrf]U`mfY`Yj UbhXYZUj `h]b` bUbVWU`cV`][ Uh]cbg`rc`UbX`Vmih`Y`Vta`dUbm
- Non-payment for goods sold 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 2008-09.

2. CODE OF CONDUCT

Pursuant to the requirements of the Clause 49 of the Listing Agreement, Your Company has put in place a Code of Conduct for its Board members and Senior Management Personnel. Declaration of compliance with the code of VtbXi Vh\UgVYYb`fYVW]j YX`Zfca`U`h`Y`6cUfX`A`Ya`VYfg`UbX`GYb]cf`A`UbU`[`Ya`YbhDYfgcbbY`"5`Wfh]`VWh`rc`h`]g`Y`YVh from Mr. Brijgopal Bang, Managing Director of the Company, forms a part of this Report.

3. AUDIT COMMITTEE

H\Y`df]a`UfmcV`YVW]j`Y`c`Z`h`Y`5i`X]h7ca`a`]HhY`]g`rc`a`cb]rcf`UbX`dfc]`jXY`Y`YVW]j`Y`gi`dYf]`]g]cb`c`Z`h`Y`a`UbU`[`Ya`Ybh`g`bUbVWU`fYdcfh]b[`dfcVWgg`k`]h`U`j`]Yk`rc`Ybgi`fY`UWV`fUHz`h]a`Y`nz`dfcdYf`X]gWcgi`fYg`/`hfUbgdUFYbVWz`]bhY`[`f]HmUbX`ei`U`]mcZ`bUbVWU`fYdcfh]b[`"

a) Composition

H\Y`5i`X]h7ca`a`]HhY`c`Z`h`Y`7ca`dUbmVtb]g]g]g`c`Z`ei`U`]`YX`UbX`bcb!`Yi`YVW]j`Y`8]fYVWc`fg`"

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



#### 4. SHARE TRANSFER CUM SHAREHOLDERS'/INVESTOR'S GRIEVANCE COMMITTEE

The Board of Directors at their meeting held on 4th May 2009 decided to change the constitution of Share Transfer cum Shareholders/ Investors Grievance Committee by inducting Two Executive directors in place of Non-executive Independent Directors in the committee. Board further decided to broaden the Terms of reference of this Committee.

H\Y'7ca a ]hYY'gdYVW W'm'cc\_g]bhc'h\Y'hfUbgZYf'cZg\UfYgZ'fY'UHfX'a UHfYfg'UbX'fYXfYgg]b[ 'Vt'a d'U]bhg'cZg\UfY' holders and investors such as transfer of shares, non- receipt of balance sheet, non-receipt of declared dividends and Dematerialization of shares.

##### a) Composition

The committee comprises of the following members:

Sr. no.	Name of the Director	Designation
1	Mr. V.D. 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

"To supervise and ensure the following:

- i. 9 WYbhfhfUbgZYf'cZg\UfYg/]bW X]b[ 'fYj ]Yk 'cZ'WUgYg'Zc'f'fYZi gU'cZ'hfUbgZYf'#'hfUbg]gg]cb'cZg\UfYg'UbX' debentures;
- ii. Redressal of shareholder and investor complaints like transfer of shares, allotment of shares, non-receipts of the refund orders, right entitlement, non-receipt of Annual Reports and other entitlements, non-receipt of declared dividends etc;
- iii. eggi Y'cZXi d' ]WUHY'#'gd' ]h# 'Vt'bgc' ]XUHfX'g\UfY' WfH] WUHYg/
- iv. Listing of shares;
- v. Reference to statutory and regulatory authorities regarding investor grievances;
- vi. And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances".

##### c) Meetings of the Committee for 2008-2009

Share Transfer cum Shareholders/ Investors Grievance Committee Committee met 5(Five) times during the year 2008-09 on 29th April 2008, 31st July 2008, 25th August 2008, 31st October 2008 and 28th January 2009 and the attendance record is as per the table given below:

Name of the Director	Number of meetings	Meeting attended
Mr. Viswanath Cheruvu	5	3
Dr. Mithilesh Kumar Sinha	5	5
Mr. V. D. Ajgaonkar	5	5

##### d) Complaints

8YHU]g'cZ' b] Ygtrcf'7ca d'U]bhg'fYVW]j YX'Xi f]b[ 'h\Y' bUbVU' mYUf'YbXYX' ' %gh'A UfW '&\$\$- 'UfY' Ug'Zc'`ck g.

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	5	5	0
Non-receipt of Refund Order	0	11	11	0
<b>TOTAL</b>	<b>0</b>	<b>16</b>	<b>16</b>	<b>0</b>

#### 5. REMUNERATION COMMITTEE

##### a) Composition:

Sr. no.	Name of the Director	Designation
1	Mr. Mithilesh Kumar Sinha, Non-Executive Independent Director	Chairman
2	Mr. V.D. 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**

8i f]b[ 'h\Y' bUbVWU`mYUf'bc'a YYh]b[ 'cZh\Y'fYa i bYfUj]cb`Vta a ]HhY'k Ug'\Y'X"

**d) Remuneration**

8i f]b[ 'h\Y' bUbVWU`mYUf'fYa i bYfUj]cb`dU]X'hc`8]fYVWc'fg'jg'[ ]j Yb`VY'ck .

(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	15,000	Nil	Nil	15,000
Dr. Mithilesh Kumar Sinha	50,000	Nil	Nil	50,000
Mr. V. D. Ajgaonkar	25,000	Nil	Nil	25,000

**e) Remuneration Policy**

The remuneration policy approved by the Board of Directors, inter alia, provides for the following:

- Executive Directors
  - 1 Salary & Commission not to exceed limits prescribed under the Companies Act, 1956
  - 2 No Sitting Fee to be paid for attending the Board / Committee meetings.
- Non-executive Directors
 

Sitting Fee and Commission not to exceed the limits prescribed under the Companies Act, 1956.

**6. GENERAL BODY MEETINGS**

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

Financial year	Date	Time	Venue
2005-06	28/09/2006	11.00 A.M.	FY[ ]ghYfYX'c W'cZh\Y'7ca dUbm
2006-07	28/09/2007	11.00 A.M.	FY[ ]ghYfYX'c W'cZh\Y'7ca dUbm
2007-08	29/09/2008	11.00 A.M.	Maheshwari Bhavan, 603, Jagannath Shankar Sheth Road, Mumbai- 400 042

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

**Special Resolutions**

AGM held on September 28, 2006: No Special Resolution was passed.

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

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

**Resolution passed through postal ballot**

8i f]b[ 'h\Y' bUbVWU`mYUf'&\$\$, ! \$- žVžbgYbhcZa Ya VYfg'cZh\Y'7ca dUbmK Ug'gci [ \h\h'fci [ \`dcgH`VU`chZcf` the subject matters mentioned herein below. The postal ballot process was undertaken in accordance with the provisions of Section 192A of the Companies Act, 1956, read with the Companies (passing of the resolution by postal ballot) Rules, 2001. Mr. Hitesh Kothari, Practicing Company Secretary, was appointed as Scrutinizer for conducting the postal ballot process. The results of the postal ballot were announced on March 20, 2009. The details of resolutions passed through postal ballot are as follows:

Sl. No.	Business	Postal Ballot Forms received		Valid Votes Cast		
		Total	Valid	Total	in favor	Against
1	To enter into a 50:50 Joint Venture with Aquarelle International Limited and making an investment upto Rs. 15 Crores in the said Company	69	63	6471587	6471369	118
2	To authorize the Board of Directors to lease / sub-lease or otherwise dispose of the whole or part of the Unit and sell / transfer the Plant and Machineries, employees and other assets to JV Company	69	63	6373868	6360748	7120

## 7. DISCLOSURES

### a) Related-party transactions

The Company has entered into related party transactions during the year. The details of such transactions are as follows:

8) The Company has entered into a joint venture with Aquarelle International Limited for the purpose of making an investment upto Rs. 15 Crores in the said Company.

### b) Details of Non-Compliance

The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters relating to capital market during the last three years. No penalties or strictures have been imposed on the Company by the stock exchanges, SEBI or other statutory authorities, on any matter related to capital markets, during the last three years.

### c) Whistle-blower policy

Though there is no formal whistle-blower policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective measures are implemented.

### d) Accounting standards

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

### e) Disclosure by Management to the Board

The Company has provided the details of related party transactions to the Board, and the interested Directors do not participate in the discussion nor do they vote on such matters.

### f) Disclosure of Risk Management

The Company has initiated the risk assessment and minimization procedure which has been given in other section of this report.

### g) Bang Insider Trading Policy

The Company has implemented an Insider Trading Policy to comply with the relevant Insider Trading Regulation. In accordance with the policy, the Company announces quiet period for designated employees from time to time.

The Company has a policy of observing a 'quiet period' from seven days prior to the event leading to / generating financial results. The Company has a policy of observing a 'quiet period' during and after the occurrence of certain events mentioned in the Insider Trading Policy.

The Company is strictly monitoring its Insider Trading Policy.

The Company has entered into an Agreement with the Stock Exchanges, related to Remuneration Committee / Compensation Committee.

## 8. 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. Mahanagar.
- Website: Bang Overseas Limited has its own web-site and all vital information relating to the company and its dYfZcfa UbWz]bWl X]b[ 'ei UfhYf mifYgi `hg UbX'c WU`bYk g'fY'YUgYg]g'di hcb'h'k YV! g]hY'Zcf'h'Y VYbY' hcZ'h'Y' 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.

## 9. ADDITIONAL SHAREHOLDER INFORMATION

### a) Annual General Meeting

Date : Wednesday, 30th September, 2009 at 10.00 A.M.

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

### b) Financial Calendar (2009-10)

First quarterly results - Up to the end of July, 2009

Second quarterly results - Up to the end of October, 2009

Third quarterly results - Up to the end of January, 2010

Fourth quarterly results - Up to the end of April, 2010

### c) Book Closure

The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 28th September, 2009 to Wednesday, 30th September, 2009 (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 2009-2010.

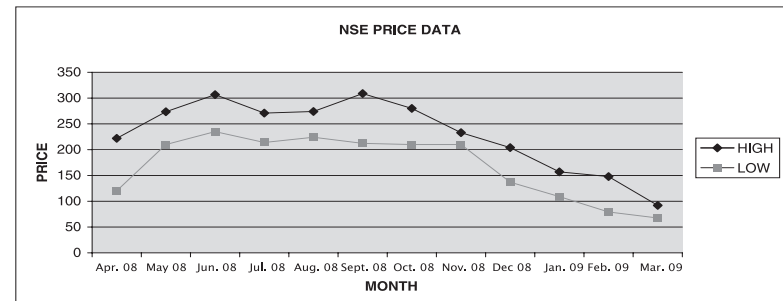
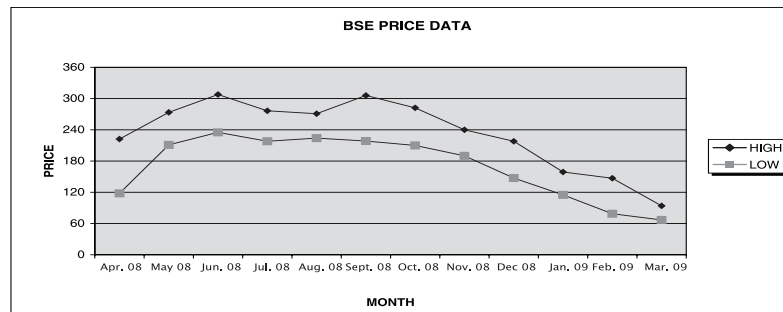
Stock Codes

- 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 2008-2009:

Month	BSE			NSE		
	High	Low	No. of shares traded	High	Low	No. of shares traded
April, 2008	222.25	118.00	7526491	222.00	120.20	5980910
May, 2008	273.50	211.10	3789087	273.50	210.00	1484198
June, 2008	307.80	235.15	3290882	306.65	235.00	1062689
July, 2008	276.50	218.00	732139	270.90	214.00	385565
August, 2008	270.90	224.00	96941	274.00	224.05	99113
September, 2008	306.00	218.45	329917	308.80	212.25	159357
October, 2008	282.20	210.00	510720	280.00	210.00	82879
November, 2008	240.00	190.00	514307	233.00	210.00	3232
December, 2008	218.00	147.40	536151	204.00	137.00	198347
January, 2009	159.00	115.00	2449029	157.00	109.05	691194
February, 2009	147.00	78.80	1473236	147.90	79.25	747941
March, 2009	93.90	66.90	1631279	92.00	67.60	218459

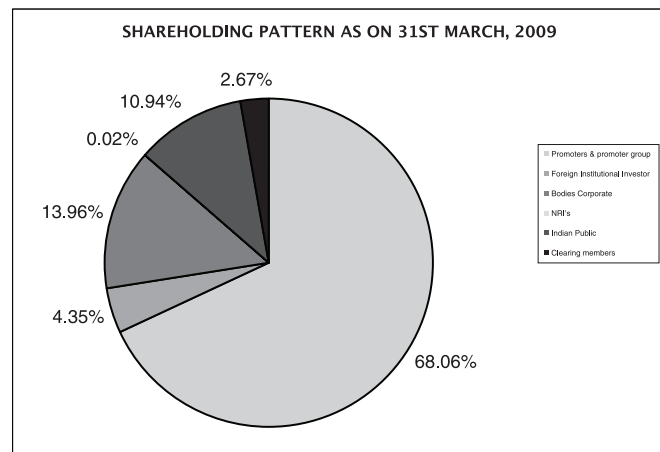


**g) Shareholding Pattern**

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

a. Shareholding Pattern by ownership as on 31st March, 2009

Category	No. of shares held	Shareholding %
Promoters & promoter group	9228740	68.06
Foreign Institutional Investor	589485	4.35
Bodies Corporate	1893354	13.96
NRI's	2859	0.02
Indian Public	1483950	10.94
Clearing members	361612	2.67
	<b>13,560,000</b>	<b>100.00</b>





b. Pattern of shareholding by share class as on 31st March, 2009

Category	Share Holders		Share Amount	
	No of Equity Shares (1)	Number (2)	% to Total (3)	(In Rs.) (4)
Upto - 5000	1901	90.65	1545140	1.14
5001 - 10000	47	2.24	398340	0.29
10001 - 20000	24	1.14	371070	0.27
20001 - 30000	5	0.24	124420	0.09
30001 - 40000	5	0.24	166500	0.12
40001 - 50000	13	0.62	635450	0.47
50001 - 100000	27	1.29	2191570	1.62
Above 100000	75	3.58	130167510	95.99
<b>Total</b>	<b>2097</b>	<b>100.00</b>	<b>135600000</b>	<b>100.00</b>

h) **Dematerialisation**

The Company's equity shares are under compulsory Demat trading. The ISIN of the Scrip is INE863I01016. As on 31st March, 2009, Dematerialized shares accounted for **29.81%** of the total equity. The Company has appointed **Karvy Computershare Private Limited** as Registrars & Transfer Agents to handle the physical Share Transfer related work and for Electronic connectivity.

i) **Details of Public Funding Obtained in the Last Three Years**

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j) **Plants**

**Garments Unit:**

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

**Garments Unit:**

No. 51 / 1 & 1 / 1, Kallabalu Village,  
Jigani Hobli, Anekal Taluk,  
Bangalore 560 106

k) **Registrar and Share Transfer Agents and Share Transfer Systems**

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 on the Stock Exchanges compulsorily in Demat mode. For transfer of shares in physical form, the Company has introduced transfer cum demat facility to avoid un-necessary mailing cZ Wfh] WHyg" 7Yfh] WHyg' Xi `mhfUbgZYffYX' UfY' fYh' fbYX' hc' h'cgY' k \c' cdh' hc' fYW]j Y' Wfh] WHyg' ]b' d\ng]W' 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

**l) Investor Correspondence Address**

of the Company at the below mentioned address:

**Secretarial Department**

**Bang Overseas Limited**

144, Kewal Industrial Estate, 1st Floor,  
Senapati Bapat Marg, Lower Parel (W),  
Mumbai -400 013, India

**Contact person: Ms. Kavita Lunawat, Company Secretary**

Mr. Jaydas Dighe

Vice President, Finance

144, Kewal Industrial Estate,  
Senapati Bapat Marg, Lower Parel (West),  
Mumbai- 400 013

**m) 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 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.

Garment exports from India fell 14 per cent short of the 11.62 billion dollar target for 2008-09 but leveled 4.6 per cent over the target. The Indian textile and apparel industry is expected to grow by 10 per cent in 2009-10. The Indian textile and apparel industry is expected to grow by 10 per cent in 2009-10.

Change in the buyer behavior and shopping trends have lured international giants, who are at the wings seeking entry into the Indian market. Indian retail industry accounts for 10 percent of the country's GDP, and is expected by industry analysts to grow by 427 billion dollars by 2010.

### OPPORTUNITIES AND THREATS

#### OPPORTUNITIES

India being such a vast market itself provides enormous opportunities for growth of the textile industry. The domestic organised garment retailing, which grew by 15-20% from April-September 2008, had fallen to 10% since November 2008, but for the full year ended March 2009, the sector recorded a 13-14% growth, with sales slowly picking up now, the market is expected to grow by 10% in 2009-10.

#### ➤ Vibrant Local Market

Demographic conditions in India such as increase in young population, rise in the income levels of the people provides ample scope of growth in the textile industry in India itself.

#### ➤ Increasing production costs of shirts in China resulting in China becoming non-competitive

China, being one of the strong competitors of India in global garment Industry is losing its traditional competitiveness due to increasing production costs in terms of raw material, labour, energy and environmental protection.

#### ➤ Free Trade Agreements

The Free Trade Agreement (FTA) between India and the United States is expected to be implemented by end of 2009. This FTA is expected to be implemented by end of 2009.

#### ➤ Power of availability

India has a well-developed distribution system supported by our logistics and warehousing system and hence our products are available whenever demanded in the market as we complete the value chain from fashion fabric to branded garment.

#### ➤ Low reality prices

Low reality prices in tier II and tier III cities and towns and this could be the perfect time to open a store, before the rentals start moving northwards once again.

#### ➤ Export Promotion measures and incentives

The Central Government has provided two stimulus packages to the Indian textile and garment industry. Stimulus packages include export promotion measures and incentives to garment exporters making Indian garment industry competitive in the international market.

#### THREATS

EU27, US and Japan are major import markets for Textile & Clothing products in the world accounting for 46% of world imports. The Textile & Clothing market of these three large importers of textile and clothing.

India being one of the major exporters of textile and clothing products to these markets, the Indian Textile & Clothing industry has also witnessed a downward impact.

#### ➤ Removal of US and EU quotas on imports from China

The removal of US and EU quotas on imports from China effective from December 31, 2008. This may have a negative impact on the imports from other countries including India to US and EU. However, markets like Japan intends to reduce the share of Chinese textile and clothing in its total Textile

for the other Asian garment exporters.

➤ **Emerging low cost garment manufacturers i.e. Bangladesh, Vietnam and Sri Lanka**

Despite China losing its competitiveness in terms of production cost, India is facing strong competition from its neighboring countries as they enjoy the advantage of being low cost garment manufacturing countries in the world.

➤ **Buying behavior of clothing buyers**

Research and development in apparel industry is ongoing process. Every now and then, we encounter new developments, innovations, improvements in existing processes, which are in terms of fabric, style, stitching details, patterns, prints and their designs, but cycle of fashion keeps on revolving and always repeats after certain period. Our company is well- equipped with innovative designers and machines to cope up with these changes in trends.

➤ **Cut down in discretionary expenditure**

Recession has forced consumers to cut down their discretionary expenditure and it is compelling them to buy products preferred choice by delivering durable and quality product to the consumers.

➤ **Emergence of several new State-of-the-art factories for fabric manufacturing**

Indian garment industry is witnessing emergence of several new State-of-the-art factories for manufacture of the fabric. These manufacturers may give a tough competition to your Company in the short as well as in the long run.

**SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE**

Your Company mainly operates in two geographical segments i.e. India and Overseas. During the Financial year 2008-09, Domestic Turnover of the increased by 12.59% from Rs. 9086 Lacs to Rs. 10230 Lacs whereas the Export turnover of the company recorded a gain of 18.66 % from Rs. 2953Lacs to Rs. 3504 Lacs. Reunion Clothing Company, a division of the company was wholly dedicated to export of fabric and garment. Company is consistently making

**FUTURE OUTLOOK**

Indian premium and mid apparel market is set to witness rapid growth, driven by rising consumer demand and availability of high quality retail space. However, the entry of large number of strong international apparel and retail brands may pose a strong challenge. Further, the Company has been manufacturing the garments for famous brands such as Shoppers Stop, Vettario Fratini, Austin Reed, Provogue, ITC etc. and is focusing on below mentioned strategies:

➤ **Special Economic Zone**

Your Company has obtained the approval of setting up of a unit of manufacturing of garment in the Visakhapatnam Special Economic Zone (VSEZ). Civil construction will soon be commenced on the land and the Projected capacity of the unit is 180000 pcs per annum.

Company, however, has already started its business from the leased premises in the Visakhapatnam SEZ.

➤ **Joint Venture Agreement**

Company has entered into a 50:50 joint venture agreement with Aquarelle International Limited for carrying on the business of manufacturing shirts and other garments in India for export and sale in the international and domestic market. Company will invest an amount not more than Rs.6,00,00,000 (Rupees Six crores only) in the form of equity and/or debt in one or more tranches in Aquarelle India Private Limited, the proposed Joint Venture Company.

The Joint Venture entity has already commenced its business and order book is giving an impressive picture.

➤ **Outsourcing of garment manufacturing to Low Developed Countries**

The Company is also planning to outsource manufacture of garment to Low Developed Countries like Nepal, Bangladesh, Sri Lanka etc. Cost of garment manufactured here will be lower as compared to India as these countries enjoy the advantage of abundant supply of raw material, low cost of labour and low duties on exports to developed countries. Further, these countries fall into 100% duty free status for export to India under SAARC agreement.

➤ **Market Expansion**

Company is looking to enter into markets which provide relatively higher margins on its products viz. fabric and garment through direct marketing for e.g. Middle-east Asia, Far-east Asia etc.

➤ **Expansion of Product range**

In order to enhance its reach to consumers, your Company is entering into women's formal wear segment. It has already introduced the brand "MISS SCOTT" in the market.

➤ **Judicious expansion of Retail Outlets**

Your Company is constantly looking for opening of new Retail outlets in the places which are not covered by its brand. However, given the market scenario, Company is expanding its retail chain but very judiciously and in a calculative manner.

➤ **Retail Outlets on revenue sharing basis**

Company's strategy to open outlets on revenue sharing basis. In this arrangement, Company pays certain sum of gross sales to the owner as rent for the outlet hired.

➤ **Acquisition/ Takeover**

The Company may acquire or invest in the Companies engaged in the similar line of business in view of its expansion plan.

**STRENGTHS**

➤ **Positioned brand**

"Thomas Scott", Company's well established brand enjoys the popularity in the men's formal and casual wear segment both in the domestic as well as international market. This brand is available in Large Format Stores (LFS) and Multi Brand Outlets (MBOs) as well as in the retail outlets exclusively owned by the Company.

➤ **Complete garmenting solution**

Besides having its established brand, Company also manufactures garments for other brands such as Shoppers Stop, Acropolis, John Players, Provogue, Austin Reed, Vettario Fratini. Company enjoys reputation for its quality among these brands.

➤ **Presence through Retail outlets**

Your Company has made its presence felt in the various towns and cities of India through its retail outlets, which is a strong brand recalling tool. At present, Company has 33 retail stores, out of which 8 outlets were added during the year.

➤ **Tie-up for Slow moving stocks**

Your Company has tie-ups with the large discount stores for its slow moving stock. Company sells them its slow moving stock to these stores. Hence, the Company is saved from the carrying large inventory.

**RISK MANAGEMENT**

Effective risk management framework drives continued competitive sustainability of an organization as it enables alignment of operations and activities of the organization to its vision and values. At Bang, the vision is to establish and maintain enterprise-wide risk management capabilities for active monitoring and mitigating the risks on continuous basis.

**Global Melt down Risk**

Company's performance is highly dependent on the growth of the economy, which is integrated with the world economy. However, increasing population in India, availability of skilled workers and increasing foreign investment in garment sector are the positive factors for the growth of the economy.

**Foreign Exchange Risk**

The Company's policy is to systematically hedge its long term foreign exchange risk as well as short term exposures risk. The Company uses various financial instruments to hedge its foreign exchange risk. The Company's policy is to systematically hedge its long term foreign exchange risk as well as short term exposures risk.

**Other Risk Element in Individual Businesses**

Business risks related to market such as fashion, change in consumer preferences, brand building which are managed by the Company.

**HUMAN RESOURCES:**

As on 31st March 2009, Company employed 1044 employees. The Company believes that the human resources are vital resource in giving the company a competitive edge in the current business environment. The Company's philosophy is to provide congenial work environment, performance oriented work culture, knowledge acquisition/dissemination, creativity and responsibility. The industrial relations at all the sites of the Company are cordial. The modernization, rationalization

UbX'cdhja ]nUhc'b \Uj Y'VYbY hYX'hY'7ca dUbmhc'U' [ fYUhf'YI hYbh' b'hY'dUghz'hY'7ca dUbmYb'cnYX'VeFX]U'fY'Uhc]cbg' with the employees at all levels.

H\Y'6cUfX'k ]g'Yg'hc'd'UW'cb'fYVeFX' ]hg'UddfYVUhc]b'hc'U''hY'Ya d'cnYYg']b'hY'Ve'a dUbmZcf'hY]f'gi ghU]bYX'Y' cfhg'UbX' immense contribution to the high level of performance and growth of the business during the year.

#### INTERNAL CONTROL SYSTEM AND ADEQUACIES

H\Y'7ca dUbmhfUW]Vg'Ub'UXYei UHY'gmghYa 'cZ']bhYfbU'Ve'bhf'UbX'XcW'a YbhYX'dfcW'Xi fYgz'Ve]Yf]b[ 'hY' bUbV]U'UbX' operating functions. It ensures that all assets are safeguarded and protected against loss from unauthorized use or disposition. It also ensures that all the transactions are authorized, recorded and reported correctly and that operations UfY'Ve'bXi V\YX' ]b'Ub'Y' VYbh'UbX'Ve'ghY' YV]j'Y'a UbbYf''A cfYcj Yfz'nci f'7ca dUbmVe'b]bi ci g'mi d[ fUXYg'hYgY'gmghYa g']b' line with the best accounting practices. The Company has independent audit systems to monitor the entire operations.

H\Y'5i X]h7ca a ]hY'cZ'hY'6cUfX'cZ8]fYV'c'fgz'Ve'a df]g]b[ 'bXYdYbXYbh8]fYV'c'fgz'fY[ i 'Uf'mfY] ]Yk YX'hY'd'Ubgz'g][ b] VUbh'Ui X]h' bX]b[ g'UbX'hY'UXYei UW'icZ']bhYfbU'Ve'bhf'c'gz'Ug'k Y''Ug'Ve'a d']UbW'k ]h' UW'Ve'i bh]b[ 'ghU]bXUfXg''

#### FORWARD LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. Actual fYgi 'hg'Ve'i 'X X] Yf'a UHYf]U'mZ'ca h'cgYI dfYggYX'cf ]a d']YX''K YV]bbch[ i UfUbhY'Y'h'Uh'h'YgY'Zc'fk UFX! 'cc\_]b[ 'ghU]Ya Ybhg' will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

#### 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 2009 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 7cfdcfUHY'; cj YfbUbW''-h]g'bY]h'Yf'Ub'Ui X]h'bcf'Ub'YI dfYgg]cb'cZ'cd]b]cb'cb'hY' bUbV]U' ghU]Ya Ybhg'cZ'hY'7ca dUbm'

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 2009, there were no investor grievances pending with the Company.

K Y'Zi f'h'Yf'ghU]Y'h'Uh'gi V\ 'Ve'a d']UbW' ]g'bY]h'Yf'Ub'Uggi fUbW'Ug'hc'hY'Zi hi fY'j ]UV']hmcZ'hY'7ca dUbm]bcf'hY'Y' VYbV'h' cf'Y' YV]j'YbYgg'k ]h' k \ ]V\ 'hY'a UbU[ Ya Ybh'\Ug'Ve'bXi V\YX'hY'U' U]fg'cZ'hY'7ca dUbm'

**For Kothari H & Associates**  
Company Secretaries

**Hitesh Kothari**

Place: Mumbai  
Dated: 30th July, 2009  
Membership No. : 16982

**ANNUAL DECLARATION BY CEO 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  
 XYWUFY hUhU`hY`6cUFX`A Ya VYfg`UbX`GYb]cf`A UbU[ Ya YbhDYfgcbbY`cZ`hY`7ca dUbm\Uj`Y`U` fa YX`Vta d`]UbW`k`]h`hY`  
 Company's Code of Business Conduct and Ethics for the Financial Year 2008-09.

**Brijgopal Bang**  
 Managing Director

Place: Mumbai  
 Date: 30th July 2009

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

This is to certify that:

fUe` K Y`Uj`Y`fYj`Yk`YX`hY` bUbVjU`ghUHYa`Ybhg`UbX`hY`WUg`ck`ghUHYa`YbhZcf`hY`mYUf`UbX`hUh`hY`VYgh`cZ`ci`f`  
 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;
- ]]" h`YgY`ghUHYa`Ybhg`hc`Yh`Yf`dfYgYbh`U`Hfi`Y`UbX`ZU]f`j`Yk`cZ`hY`Vta`dUbm]U`U]fg`UbX`UFY`]b`Vta`d`]UbW`k`]h`  
 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.

fV` K Y`UFY`fYgdcbg]V`Y`Zcf`YghUV`]g\`]b[ `UbX`a`U]bhU]b]b[ `]bhYfbU`Vtbfhc`g`UbX`hUh`k`Y`Uj`Y`Yj`U`i`UHYX`hY`Y`YV]j`YbYgg`  
 of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee,  
 XY`VYbVYg]b`hY`XYg][`b`cf`cdYfU]cb`cZ`]bhYfbU`Vtbfhc`gZ`]Z`Ubni`cZ`k` \ ]W`k`Y`UFY`Uk`UFY`UbX`hY`ghYdg`k`Y`Uj`Y`HU`\_Yb`  
 cf`dfcdcgY`hc`hU`\_Y`hc`fYV]Z`mh`YgY`XY`VYbVYg"

- (d) We have indicated to the auditors and the Audit Committee:
  - f]e` g][`b]`W]bhVX`Ub[`Yg]b`]bhYfbU`Vtbfhc`Xi`f]b[`hY`mYUf`/
  - f]e` g][`b]`W]bhVX`Ub[`Yg]b`UW]i`bh]b[`dc`]VYg`Xi`f]b[`hY`mYUf`UbX`hUh`hY`gUa`Y`Uj`Y`VYb`X]gVcgYX`]b`hY`bchYg`  
 hc`hY`bUbVjU`ghUHYa`Ybhg`/`UbX`
  - f]]e` ]bghUbVWg`cZ`g][`b]`W]bh`ZFu`i`X`cZ`k` \ ]W`k`Y`Uj`Y`VYVta`Y`Uk`UFY`UbX`hY`]bj`c`j`Ya`Ybh`hY`fY]bZ`]Z`Ubni`cZ`hY`  
 a`UbU[`Ya`Ybhcf`Ub`Ya`d`cmY`Uj`]b[`U`g][`b]`W]bhfc`Y`]b`hY`7ca`dUbm]U`]bhYfbU`Vtbfhc`gnghYa`"

**For Bang Overseas Limited**  
**Brijgopal Bang** Vice President - Finance

Place: Mumbai  
 Date : 30th July 2009