



CERTIFIED TRUE **COPY**

Report

For CEENIK EXPORTS (INDIA) LTD.

*[Handwritten Signature]*  
**Director.**



**CEENIK EXPORTS (INDIA) LIMITED**

**9TH ANNUAL REPORT 2002-2003****BOARD OF DIRECTORS**

NARAIN N. HINGORANI, *Chairman & Managing Director*  
 BRIJLAL S. BACHANI  
 PREM L. VACHHANI  
 CHANDRU K. BAKHTIANI  
 HARESH R. TECKCHANDANI

**BANKERS**

KARNATAKA BANK LTD.

1) OVERSEAS BRANCH  
 COOPERAGE, MUMBAI - 400 020.

2) BANDRA BRANCH  
 BANDRA, MUMBAI - 400 050.

**LEGAL ADVISORS**

SAUMIL R. VASAVADA  
 101, DARVESH CHAMBERS,  
 P.D. HINDUJA MARG,  
 KHAR(W), MUMBAI - 400 052.

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**AUDITORS**

M/s.UDAYAVAR DHANESH KUMAR & ASSOCIATES  
 CHARTERED ACCOUNTANTS  
 52 ABC, TELWALA CHAWL,  
 G.D AMBEDKAR CHAWL,  
 NAIGAIM, DADAR (EAST)  
 MUMBAI - 400 012.

**REGISTRARS AND TRANSFER AGENTS**

MONDKAR COMPUTERS PVT. LTD.  
 21, SHAKIL NIWAS, MAHAKALI CAVES ROAD,  
 ANDHERI(E), MUMBAI - 400 093.

**ANNUAL GENERAL MEETING**

On Saturday 27<sup>th</sup>, September, 2003 at 11.00  
 a.m. at 225/A-1, Shah & Nahar Indl. Estate,  
 Sitaram Jadhav Marg,  
 Lower Parel(W), Mumbai - 400 013.

**NOTE :**

Shareholders are requested to bring their Copy of the  
 Annual Report alongwith them as the same will not be  
 distributed at the Meeting.

**REGISTERED OFFICE**

129/A-1, SHAH & NAHAR INDL. ESTATE,  
 S. J. ROAD, LOWER PAREL(W),  
 MUMBAI - 400 013.

**9TH ANNUAL REPORT 2002-2003****NOTICE**

NOTICE is hereby given that the **Ninth Annual General Meeting** of the members of **CEENIK EXPORTS (INDIA) LTD.** will be held at 11.00 A.M. on 27<sup>th</sup> September, 2003 at 225/A-1, Shah & Nahar Industrial Estate, S. J. Road, Lower Parel(W), Mumbai - 400 013, to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2003 and Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Brijlal S. Bachani, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

**Regd. Office:**

129/A-1, Shah & Nahar Indl. Estate,  
S. J. Road, Lower Parel (W),  
Mumbai - 400 013.  
Date: 31st July, 2003.

**By Order of the Board**

**(Narain N. Hingorani)**  
*Chairman & Managing Director*

**NOTES**

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND THAT SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- b) Details of Directors to be reappointed in the Annual General Meeting is annexed pursuant to clause 49 of the Listing Agreement.
- c) Register of Members and Share Transfer Registers of the Company will remain closed from 24<sup>th</sup> September, 2003 to 27<sup>th</sup> September, 2003 (both days inclusive).

Information under clause 49 of the listing agreement of Director's to be re-appointed in the Ninth Annual General Meeting.

**MR. BRIJLAL S. BACHANI**

Mr. Brijlal S. Bachani, 64 is a graduate in commerce and has been with the Company since incorporation. He has vast business experience in the Garment Industry.

Outside Directorship: Ramolene Textile Industries Ltd.

**DIRECTORS' REPORT**

To,

**The Members,**

**Ceenik Exports (India) Ltd.**

Your Directors hereby present their NINTH ANNUAL REPORT alongwith the audited Financial Statements for the year ended 31<sup>st</sup> March, 2003.

**FINANCIAL HIGHLIGHTS:**

	(Rupees) <b>2002-2003</b>	(Rupees) <b>2001-2002</b>
Profit before Financial Cost		
Depreciation & Tax	708,378	5,291,591
Less: Financial Cost	1,600,128	694,553
Less: Depreciation	1,310,904	1,004,722
Profit/(Loss) before Tax	<b>(-2,202,654)</b>	<b>3,592,316</b>

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Less: Provision for Tax	0	800,000
Add: Deferred Tax (Income)	500,000	0
Add/Less: Extra-Ordinary Item		5,000,000
Excess Provision of Tax written back	819,541	0
Sundry Balances written back	410,196	0
<b>Net Loss for the year</b>	<b>-472,917</b>	<b>-2,207,684</b>
Balance Brought Forward from Previous year	101,339,098	103,546,782
Balance Carried Forward	<u>100,866,181</u>	<u>101,339,098</u>

### **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

#### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

The Company is manufacturer exporters of Readymade Garments. The Garment Industry is facing stiff competition, both from indigenous manufacturers as well as from other countries mainly Bangladesh and China. Over the period the Garment industry has become cost conscious and the Company too is subject to severe pressure for price reduction.

#### **OPPORTUNITIES & THREATS**

In the International market, we clearly see the opportunity to expand our market share in the post 2004 period, particularly in the EEC and USA markets - where internal manufacturing is progressively shrinking. This will increase outsourcing from India.

On the other hand, there is a clear threat from modern textile manufacturing units in China, Pakistan, East Europe and South America. These competitors have an edge over us in manufacturing costs, better productivity and better infrastructure facilities.

#### **RISKS AND CONCERNS**

Our major business in export market is contracted in US \$. The current strengthening of the Indian Rupee against the US \$ will impact our realisations.

Starting from the last quarter of year 2002, going into the current calendar year and 2004, the availability of quota for made up sales to USA is becoming a deterrent to growth of business. We are trying to counter this by going progressively up the value chain through backward integration.

#### **COMPANY'S PERFORMANCE**

Global economic conditions worsened during the year. There was tremendous uncertainty due to war on Iraq and other issues. The sales of the Company declined by nearly 50% as compared to the previous year.

The Company recorded the total income of Rs. 510.79 Lakhs. Net loss after providing for tax and extra-ordinary items was Rs. 4.72 Lakhs as against 22.07 Lakhs in previous year. Margins are constantly under pressure due to severe competition. The directors are striving hard to improve the Company's performance.

#### **FINANCE**

The finance cost for the year was Rs. 16 Lakhs as against Rs. 9.65 Lakhs for the previous year. The Company is trying to reduce its working capital requirements. As on 31.03.2003 the Company's working capital loan was Rs. 74.29 lakhs as against Rs. 184.89 Lakhs in the previous year.

#### **INTERNAL CONTROL**

The Company has in place adequate internal control systems & procedures so that all assets and resources are used efficiently and are adequately protected.

#### **SAFETY, HEALTH & ENVIRONMENTAL PROTECTION**

Garment manufacturing is non-polluting industry. The Company is providing need based training to employees in order to optimize the contribution of each employee.

#### **PERSONNEL**

The Company had 12 employees as on 31<sup>st</sup> March, 2003 as against 16 as on 31<sup>st</sup> March, 2002. Industrial relations continued to be cordial.

None of the employees is covered by the provisions of sections 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and therefore no details have been furnished as part of this report.

#### **PROSPECTS FOR 2004**

The uncertainty due to war is now removed. The global economy should stabilize and recover gradually. Barring unforeseen circumstances, the financial year 2004 should be much better, than the previous year.

#### **CAUTIONARY NOTE**

Certain statements in the above report may be forward looking and are stated as required by legislation in force. The actual results may be affected by many factors which may be different from what the Directors/ Management envisage in terms of future performance and outlook.

**9TH ANNUAL REPORT 2002-2003****DIVIDEND**

In view of the loss for the year, your Directors have not recommended any dividend.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

In terms of section 217 (2AA) of Companies Act, your Directors state as follows:

- i. That in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation wherever necessary relating to material departures.
- ii. That the Directors have selected such accounting policies and applied them consistently and made judgements 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 or loss 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 this Act for safeguarding the Company and for preventing fraud and other irregularities.
- iv. That the Directors have prepared the annual accounts on a Going Concern basis.

**DIRECTORS**

Mr. Brijlal S. Bachani shall retire by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

**CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement a separate report on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance are annexed to the Director's Report.

**CONSERVATION OF ENERGY ETC.**

Your Company is not using any specific energy, which could be conserved by exercising any device. Further, the Company is using its in-house technology and hence, question of absorbing technology does not arise. Therefore, information 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 not given.

During the year under the review, the Company earned foreign exchange worth Rs. 373.80 Lakhs and spent foreign exchange worth Rs.27.42 Lakhs.

**AUDITORS**

M/s. Udayavar Dhanesh Kumar & Associates, Chartered Accountants, Auditors of the Company, shall retire at the forthcoming Annual General Meeting. They are eligible for reappointment. Members are requested to appoint Auditors and fix their remuneration.

**APPRECIATION**

Your Directors thank The Karnataka Bank Ltd. for its unstinted support. Your Directors also wish to place on record the dedicated services rendered by all employees of the Company. Directors also thank all the Shareholders for their support to the Company.

For & on behalf of the Board

Mumbai.

12<sup>th</sup> July 2003.

(Narain N. Hingorani)  
Chairman & Managing Director

**REPORT ON CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below:

**A. MANDATORY REQUIREMENT****I. COMPANY'S PHISOSOPHY ON CODE OF GOVERNANCE**

The Company believes in and pratices good corporate governance. The Company's philosophy is aimed at assisting the top management of the Company in efficient conduct of the business and in meeting its obligations to all its Shareholders.

**II. BOARD OF DIRECTORS**

As on 31<sup>st</sup> March, 2003, the strength of the Board of Directors was five comprising of an Executive Chirman and Managing Director, and four other Non Executive Directors. During the financial year under review, seven Board Meetings were held on 30.04.2002, 27.05.2002, 31.07.2002, 29.08.2002, 31.10.2002, 31.01.2003 and 29.03.2003.

Attendance of each Director at the Board Meeting and last Annual General Meeting and the number of Companies and Committees where he is Director/Member (as on 31<sup>st</sup> March, 2003), is as under:

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Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 28.09.2002	No. of other Companies in which Director	Member. of Committee other than Private & Foreign Co.
Mr.Narain Hingorani	Chairman & Managing Director	6	Yes	3	1
*Mrs. Chandra Hingorani	Non-Executive	1	No	.	NI
Mr. Brijlal Bachani	Independent Non-Executive	5	No	1	NI
Mr. Prem Vachhani	Non-Executive	7	Yes	1	2
Mr. Chandru Baktiani	Independent Non-Executive	6	No	1	2
**Mr. Haresh Teckchandani	Independent Non-Executive	5	Yes	6	6

\* had resigned on 31.07.2002 and hence for the part of the year.

\*\* was appointed on 31.07.2002 and hence for the part of the year.

**III. COMMITTEE OF THE BOARD****A) Audit Committee:**

Terms of Reference and Composition, Number of Members and Chairman.

The Audit Committee comprises of Mr. Haresh Teckchandani, Chairman, Mr. Prem Vachhani, Member, Mr. Chandru Baktiani, Member, all of whom are independent Directors; except Mr. Prem Vachhani. The committee was constituted on 31.07.2002

The terms of reference of this Committee are wide enough covering the matters specified for Audit Committee under the Listing Agreement.

Two meeting were held during the year ended 31<sup>st</sup> March, 2003 which were attended by all the members.

**B) Remuneration Committee:**

The Remuneration Committee comprises of Mr. Haresh Teckchandani and Mr. Prem Vachhani and was constituted on 31.07.2002.

**Remuneration of Directors**

The details of remuneration paid to the Directors during the financial year April, 2002- March, 2003 are given below

**a) Executive Directors**

Name of Directors	Salary and Allowances	Commission (provision made Rs.)	Perquisites	Retirement Benefits *
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Mr. Narain Hingorani	Rs. 3,00,000/-	....	....	.....
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\* Excluding Provision for Gratuity.

**Notes:**

1. Notice period for termination of appointment of Managing Director is three months, on either side.

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2. Presently the Company does not have a scheme for grant of stock options either to the Executive Directors or employees.
3. The Managing Directors is not entitled to commission on the net profits of the Company .
- b) Non Executive Directors  
Non-Executive Directors are not paid any sitting fees for attending Board/ Committee Meetings.

**C) Investor's Grievance Committee**

The Company's Investors' Grievance Committee has been constituted on 31.07.2002. The Members of the Committee are Mr. Narain Hingorani, Mr. Haresh Teckchandani and Mr. Chandru Bakhtiani.

Mr. Vimal Singhania, Finance Manager, is also the Compliance officer of the Company. The Committee looks into redressing of shareholders/ investors complaints, issue of duplicate Share Certificate. During the year the Company's Registrars, M/s. Mondkar Computers pvt. Ltd. had received letters/complaints, all of which were replied/resolved to the satisfaction of the Shareholders/ investors by the Registrars itself.

**IV) GENERAL BODY MEETINGS**

The last three Annual Meeting were held as under:

Financial Year	Date	Time	Location
1999-2000	08.09.2000	11.00 a.m.	225/A-1, Shah & Nahar Indl Estate, S.J. Road, Lower Parel (W) Mumbai- 400 013.
2000-2001	27.09.2001	11.00 a.m.	— do —
2001-2002	28.09.2002	11.00 a.m.	— do —

The Company had convened an Extra Ordinary General Meeting of the members of the Company on 28.06.2002 for appointment of Auditors. All the resolutions set out in the respective Notices were passed by the Shareholders. No special resolution was required to be put through postal ballot last year.

**V. DISCLOSURES**

1. There was no transaction of material nature with its promoters, the Directors or the Management, their subsidiaries or relatives etc, that may have potential conflict with the interest of the Company at large.
2. There was no instance of non compliance nor have any penalties, strictures been imposed by Stock Exchange, or SEBI or any other statutory authority during the last three years on any matters related to capital matters.

**VI. MEANS OF COMMUNICATIONS**

Half -yearly report sent to each house hold of Shareholders  
Quarterly Results  
Any Website where displayed

Whether presentations made to institutional Investors or to the Analysts  
Newspapers in which Results are published in

Whether Management discussion and Analysis is a part of the Annual Report

No, as the Results of the Company are published in the Newspapers having wide reach.

-do-

Website is under development and Result will be displayed on the website.

-No-

Asian Age and Dainik Sagar

Yes

**9TH ANNUAL REPORT 2002-2003****VII. GENERAL SHAREHOLDER INFORMATION**

AGM Date, Time and Venue	27.09.2003 at 11.00 a.m. at 225/A-1, Shah & Nahar Indl. Estate, S.J. Road, Lower Parel (W), Mumbai-400 013.
Financial Calendar 2003-2004	
Financial year	April to March
First Quarter Results	By end July, 2003
Second Quarter Results	By end October, 2003
Third Quarter Results	By end January, 2004
Fourth Quarter Results	By end April, 2004
Audited Results of the year ending ending 31 <sup>st</sup> March, 2004	End July, 2004
Date of Book Closure	24 <sup>th</sup> to 27 <sup>th</sup> September, 2003.
Dividend Payment Date	No dividend declared
Listing on Stock Exchanges	The Stock Exchange, Mumbai. The Company has paid the Listing Fees to the Stock Exchange upto the Financial year ended 31 <sup>st</sup> March, 2004. 531119 INE418D01010
Stock Code - Physical	
Demat ISIN Number for NSDL & CDSL	
Market Price Data: Share Price - Face Value Rs. 10/-	
During the year, the Company's shares were traded only in the month September, 2002 and high, low and closing prices were Rs. 5.65, Rs. 3.05 and Rs. 3.05 respectively.	
Registrars & Share Transfer Agents	Mondkar Computers Pvt. Ltd. 21, Shakil Niwas, Mahakali Caves Road, Andheri(E), Mumbai - 400 013.
Person to Contact	Mr. Ravi Utekar
Telephone No.	022 2836 6620
Fax No.	022 2821 1996
Share Transfer System	The power to approve transfer of shares purchased by an investors in physical form has been delegated by the Board of Directors to Investors' Grievance Committee. Transfers are Approved as and when received. Transfer in favour of NSDL/CDSL on dematerialisation request are approved by Managing Director

**Distribution of Shareholding as on 31.03.2003**

No. of Equity Share	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1-500	1361	84.80	191600	5.72
500-1000	75	4.67	63400	1.89
1001-2000	119	7.41	207100	6.18
2001-3000	12	.75	28300	.84
3001-4000	8	.50	28000	.84
4001-5000	6	.37	27700	.83
5001-10000	9	.56	66300	1.98
10000 And Above	15	.94	2737600	81.72
<b>TOTAL</b>	<b>1605</b>	<b>100.00</b>	<b>3350000</b>	<b>100.00</b>

**Share holding Pattern as 31.03.2003****Categories of Shareholders**

Indian Promoters

Non Resident Indians

Percentage %

74.60

.02