



Report

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CERTIFIED TRUE COPY  
For CEENIK EXPORTS (INDIA) LTD.

*[Signature]*  
Director.



**CEENIK EXPORTS (INDIA) LIMITED**

**10TH ANNUAL REPORT 2003-2004****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

NARIMAN POINT, MUMBAI – 400 021.

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 &amp; ASSOCIATES

CHARTERED ACCOUNTANTS

B/7, AMBEKAR NAGAR,

OFF. G.D AMBEKAR MARG,

PAREL,

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 25<sup>th</sup>, September, 2004 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 &amp; NAHAR INDL. ESTATE,

S. J. ROAD, LOWER PAREL(W),

MUMBAI – 400 013.

**10TH ANNUAL REPORT 2003-2004**

**NOTICE**

NOTICE is hereby given that the **Tenth Annual General Meeting** of the members of **CEENIK EXPORTS (INDIA) LTD.** will be held at 11.00 a.m. on Saturday the 25th September, 2004 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 31st March, 2004 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. Prem L. Vachhani, 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, 2004.

**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) Register of Members and Share Transfer Register of the Company will remain closed from 20th September, 2004 to 25th September, 2004 (both days inclusive).

**10TH ANNUAL REPORT 2003-2004****DIRECTORS' REPORT**

To,

The Members,

Ceenik Exports (India) Ltd.

Your Directors hereby present their TENTH ANNUAL REPORT alongwith the audited Financial Statements for the year ended 31<sup>st</sup> March, 2004 .

	(Rupees)	(Rupees)
<b>FINANCIAL HIGHLIGHTS:</b>	<b><u>2003-2004</u></b>	<b><u>2002-2003</u></b>
Profit before Financial Cost		
Depreciation & Tax	28,33,815	7,08,378
Less: Financial Cost	6,88,701	16,00,128
Less: Depreciation	<u>15,07,320</u>	<u>13,10,904</u>
Profit/Loss before Tax	<u>6,37,794</u>	<u>(22,02,654)</u>
Less: Provision for Tax	2,70,000	0
Add/Less: Deferred Tax Expenses (Income)	5,000	(5,00,000)
Add/Less : Excess Provision of Tax written back	-	8,19,542
Sundry Balances written back	-	<u>4,10,196</u>
Net Loss for the year	<u>3,62,794</u>	<u>(4,72,918)</u>
Balance Brought Forward from Previous year	10,08,66,181	10,13,39,098
Balance Carried Forward	10,12,28,975	10,08,66,181

**MANAGEMENT DISCUSSION & ANALYSIS REPORT****INDUSTRY STRUCTURE AND DEVELOPMENTS**

The Company is manufacturer exporter of Readymade Garments. The Garment Industry is largely scattered and is in unorganised sector. The Government Policies also favour the small scale and encourage the scattered nature of the industry. World wide the trend is towards huge capacities which results in economies of large scale production.

**OPPORTUNITIES & THREATS**

In the International market, there is a great opportunity to expand our market share after the abolition of quota system w.e.f. 01.01.2005, particularly in the markets of Europe and USA - where internal manufacturing is prohibitively expensive. This will increase outsourcing from India.

On the other hand, there is a clear threat from modern and huge textile manufacturing units in China. These competitors have an edge over us in manufacturing costs, better productivity, better infrastructure facilities and flexible labour laws.

**RISKS AND CONCERNS**

Our major business in export market is contracted in US \$. The current fluctuations in International Currencies calls for better risk management solutions.

With the abolition of the MFA regime from 01.01.2005 there is concern of unhealthy price competition and the resultant uncertainty. We are trying to counter this by progressively moving up the value chain through backward integration.

**COMPANY'S PERFORMANCE**

The measures initiated by the Company last year bore fruit and we were able to increase our export sales and the profitability as compared to the previous year.

The Company recorded the total income of Rs. 722.90 lakhs. Net Profit after providing for tax was Rs. 3.62 lakhs as against loss of 4.72 lakhs in previous year. The directors are striving to further improve the Company's performance.

**FINANCE**

The finance cost for the year was Rs. 6.88 lakhs as against Rs.16 Lakhs for the previous year. The Company is trying to reduce the cost of its working capital requirements. During the year the Company availed of a Term Loan of Rs. 80 lakhs for purchase of Commercial property.

**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.

**10TH ANNUAL REPORT 2003-2004****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 11 employees as on 31<sup>st</sup> March, 2004 as against 12 as on 31<sup>st</sup> March, 2003. Industrial relations continued to be cordial.

None of the employees is covered by the provisions of section 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 2005**

The prospects upto December, 2004 are very good. However, there could be short-term uncertainty due to the abolition of the MFA regime from 01.01.2005. Barring unforeseen circumstances, the financial year 2004-2005 should be 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.

**DIVIDEND**

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

**DIRECTORS' 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 assets of 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. Prem L. Vachhani 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. 553.25 Lakhs and spent foreign exchange worth Rs.50.91 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 continuous unstinted support. Your Directors also wish to place on record the dedicated services rendered by all employees of the Company. Directors also thank Standard Chartered Bank and all the Shareholders for their support to the Company.

Mumbai.  
30<sup>th</sup> June 2004.

For & on behalf of the Board  
(Narain N. Hingorani)  
Chairman & Managing Director

**10TH ANNUAL REPORT 2003-2004****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 PHILOSOPHY ON CODE OF GOVERNANCE**

The Company believes in and practices 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 Stakeholders.

The basic philosophy of corporate governance in the Company is to achieve business excellence, comply with laws and regulations and dedicate itself for increasing long term shareholder value.

**II. BOARD OF DIRECTORS**

As on 31<sup>st</sup> March, 2004, the strength of the Board of Directors was five comprising of Chairman and Managing Director, and four other Non Executive Directors.

During the financial year under review, 10 Board Meetings were held on 17.04.2003, 30.06.2003, 12.07.2003, 31.07.2003, 20.10.2003, 31.10.2003, 09.12.2003, 31.01.2004, 15.03.2004 & 22.03.2004. Attendance of each Director at the Board Meetings and last Annual General Meeting and the number of Companies and Committees where he is Director/Member (as on 31<sup>st</sup> March, 2004), is as under :

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	10	Yes	3	1
Mr. Brijlal Bachani	Independent Non-Executive	7	No	1	Nil
Mr. Prem Vachhani	Non-Executive	8	Yes	0	2
Mr. Chandru Bakhtiani	Independent Non-Executive	9	Yes	1	2
Mr. Haresh Teckchandani	Independent Non-Executive	8	Yes	0	3

Particulars of Director retiring by rotation and seeking re-appointment are given below :

Name of Director	Mr. Prem L. Vachhani
Date of Birth	06.04.1938
Date of Appointment	31.01.1999
Business Experience	45 years
Qualification	Diploma in Engineering
Directors in other Companies incorporated in India	None
Chairman/Member of Committee of Companies other than Ceenik Exports (India) Ltd.,	None

**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 Bakhtiani, Member, all of whom are independent Directors; except Mr. Prem Vachhani.

The terms of reference of this Committee cover the matters specified under the clause 49 of the Listing Agreement and in Section 292A of the Companies Act, 1956.

During the year under review, the Audit Committee held four meetings which were attended by all the members.

**10TH ANNUAL REPORT 2003-2004****B) Remuneration Committee:**

The Remuneration Committee comprises of Mr. Haresh Teckchandani and Mr. Prem Vachhani.

**Remuneration of Directors**

The details of remuneration paid to the Directors during the financial year April, 2003 - March, 2004 are given below :

**a) Executive Directors**

Name of Directors	Salary and Allowances (Rs.)	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.
2. Presently the Company does not have a scheme for grant of stock options either to the Executive Directors or employees.
3. The Managing Director 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 met 12 times during the year under review.

The Committee looks into redressing of shareholders/ investors complaints, issue of duplicate Share Certificate, etc. 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 themselves.

**IV) GENERAL BODY MEETINGS**

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
2000-2001	27.09.2001	11.00 a.m.	225/A-1, Shah & Nahar Indl Estate, S.J. Road, Lower Parel (W) Mumbai- 400 013.
2001-2002	28.09.2002	11.00 a.m.	— do —
2002-2003	27.09.2003	11.00 a.m.	— do —

No Extra Ordinary General Meeting of the Members of the Company was held last year.

All resolutions as set out in the respective Notices were duly passed by the Shareholders.

No Special Resolution was required to be put through postal ballot at any of the above General Meetings.

**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 markets.

**10TH ANNUAL REPORT 2003-2004****VI. MEANS OF COMMUNICATIONS**

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

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.

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-

Asian Age/Financial Express and Dainik Sagar

-Yes-

**VII. GENERAL SHAREHOLDER INFORMATION**

AGM Date, Time and Venue

25.09.2004 at 11.00 a.m. at  
225/A-1, Shah & Nahar Indl. Estate, S.J. Road,  
Lower Parel (W), Mumbai-400 013.

Financial Calendar

April, 2004 to March, 2005

Financial year

April to March

First Quarter Results

By end July, 2004

Second Quarter Results

By end October, 2004

Third Quarter Results

By end January, 2005

Fourth Quarter Results

By end April, 2005

Audited Results of the year ending  
31<sup>st</sup> March, 2005

End July, 2005

Date of Book Closure

20<sup>th</sup> to 25<sup>th</sup> September, 2004.

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 31.03.2005.

Stock Code - Physical

531119

Demat ISIN Number for NSDL & CDSL

INE418D01010

Stock Price Data:

Share Price - Face Value Rs. 10/-

The high & low price during the months in which the company's shares were traded is as follows :

Month	High	Low
July '03	5.00	2.90
August '03	9.09	3.69
September '03	9.00	8.00
October '03	11.50	9.99
December '03	10.93	9.25
January '04	8.80	8.37

Registrars & Share  
Transfer Agents

Mondkar Computers Pvt. Ltd.  
21, Shakil Niwas, Mahakali Caves Road,  
Andheri(E), Mumbai - 400 093.

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 received  
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.