



CEENIK EXPORTS (INDIA) LIMITED

11TH ANNUAL REPORT 2004-2005**BOARD OF DIRECTORS**NARAIN N. HINGORANI, *Chairman & Managing Director*

BRIJLAL S. BACHANI

PREM L. VACHHANI

CHANDRU K. BAKHTIANI

HARESH R. TECKCHANDANI (*Upto 30.07.2005*)**BANKERS**

KARNATAKA BANK LTD.*

1) OVERSEAS BRANCH

Embassy Centre, 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.

AUDITORS

M/s.UDAYAVAR DHANESH KUMAR & 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.

REGISTERED OFFICE

129/A-1, SHAH & NAHAR INDL. ESTATE,

S. J. ROAD, LOWER PAREL(W), MUMBAI – 400 013.

Contents	Pg. No.
Board of Directors	1
Notice	2
Directors Report	3-4
Report on Corporate	5-8
GovernanceAuditors Report	9-12
Balance Sheet	13
Profit & Loss Account	14
Schedules	15-23
Cash Flow Statement	24
Balance Sheet Abstract etc.	25

ANNUAL GENERAL MEETING

On Thursday, 29th September, 2005 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.

11TH ANNUAL REPORT 2004-2005

NOTICE

NOTICE is hereby given that the **Eleventh Annual General Meeting** of the members of **CEENIK EXPORTS (INDIA) LTD.** will be held at 11.00 A.M. on Thursday the 29th September, 2005 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, 2005 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. Chandru K. Bakhtiani, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

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Regd. Office:

129/A-1, Shah & Nahar Indl. Estate,
S. J. Road, Lower Parel(W),
Mumbai – 400 013.
Date: 30th July, 2005.

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 Registers of the Company will remain closed from 26th September, 2005 to 29th September, 2005 (both days inclusive).

11TH ANNUAL REPORT 2004-2005**DIRECTORS' REPORT**

To,

The Members,

Ceenik Exports (India) Ltd.

Your Directors hereby present their ELEVENTH ANNUAL REPORT alongwith the audited Financial Statements for the year ended 31st March, 2005.

FINANCIAL HIGHLIGHTS:

	(Rupees) <u>2004-2005</u>	(Rupees) <u>2003-2004</u>
Profit before Financial Cost, Depreciation & Tax	58,28,836	28,33,815
Less: Financial Cost	30,70,107	6,88,701
Less: Depreciation	15,35,596	15,07,320
Profit/Loss before Tax	12,23,133	6,37,794
Less: Provision for Tax	5,00,000	2,70,000
Add/Less: Deferred Tax Expenses (Income)	(2,60,000)	5,000
Add/Less: Excess Provision of Tax written back	9,65,286	
Sundry Balances written back	4,57,270	
Net Profit for the year	4,75,117	3,62,794
Balance brought forward from Previous Year	10,12,28,975	10,08,66,181
Balance Carried Forward	10,17,04,092	10,12,28,975

DIVIDEND

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

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

The Company is manufacturer and exporter of Readymade Garments. The Garment Industry is largely scattered and is dominated by SSI units. The Government Policies also favour the small scale and encourage the scattered nature of the industry. World wide the trend is towards huge capacities, with economies of scale.

OPPORTUNITIES & THREATS

In the International market, there is ample opportunity to expand our exports after the abolition of quota system w.e.f. 01.01.2005, particularly in the markets of Europe and U.S.A.- where internal manufacturing is prohibitively expensive. This will increase outsourcing to low cost countries.

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 Dollars. 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.

FINANCE

The finance cost for the year was higher at Rs.30.70 lakhs as against Rs.6.88 lakhs for the previous year. This was mainly due to Term Loans availed for purchase of Commercial Property. The Company is constantly rationalising its working capital requirements.

INTERNAL CONTROLS

The Company has in place adequate internal control systems and 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 appropriate training to employees in order to optimize the contribution of each employee.

11TH ANNUAL REPORT 2004-2005**PERSONNEL**

The Company had 18 employees as on 31st March, 2005 as against 11 as on 31st March, 2004. 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.

FUTURE PROSPECTS

Due to abolition of Quota regime, future prospects of Garment Industry appears to be bright.

CAUTIONARY NOTE

Certain statement 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.

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 then 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 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. Haresh R. Teckchandani resigned from the Board on 30.7.2005. Directors wish to place on record his valued guidance to the Company during his tenure as Director.

Mr. Chandru K. Bakhtiani 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 Directors' 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. 645.82 lakhs and spent foreign exchange worth Rs. 43.65 lakhs.

AUDITORS

Notes to the Accounts provide satisfactory explanation to the remarks made by the Auditors in their report. Hence no separate explanation is given. 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 continued 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.

Mumbai.
30th July, 2005.

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

11TH ANNUAL REPORT 2004-2005**REPORT ON CORPORATE GOVERNANCE**

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

A. MANDATORY REQUIREMENT**I. COMPANIES 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 31st March, 2005, 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, Six Board Meetings were held on 10.04.2004, 30.06.2004, 31.07.2004, 09.08.2004, 30.10.2004 and 31.01.2005. 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 31st March, 2005), is as under:

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 25.09.2004	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
Mr. Brijlal Bachani	Independent Non-Executive	3	No	1	NIL
Mr. Prem Vachhani	Non-Executive	5	Yes	0	2
Mr. Chandru Bakhtiani	Independent Non-Executive	5	Yes	1	2
Mr. Haresh Teckchandani	Independent Non-Executive	6	Yes	0	3

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

Name of Director	Mr. Chandru K. Bakhtiani.
Date of Birth	22.12.1947
Date of Appointment	30.01.1998
Business Experience	34 years
Qualification	B.Sc.
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.

11TH ANNUAL REPORT 2004-2005**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, 2004 - March, 2005 are given below:

a) Executive Directors

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

* 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 Members of the Committee are Mr. Narain Hingorani, Mr. Haresh Teckchandani and Mr. Chandru Bakhtiani.

The Committee met 14 times during the year under review.

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.

Mr. Vimal Singhania, Finance Manager, is also the Compliance Officer of the Company.

IV. GENERAL BODY MEETINGS

The last three Annual Meetings were held as under:

Financial Year	Date	Time	Location
2001-02	28.09.2002	11.00 a.m.	225/A-1, Shah & Nahar Indl. Estate, S.J. Road, Lower Parel(W), Mumbai - 400 013.
2002-03	27.09.2003	11.00 a.m.	—do—
2003-04	25.09.2004	11.00 a.m.	—do—

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

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 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 Exchanges, or SEBI or any other statutory authority during the last three years on any matters related to capital markets.

11TH ANNUAL REPORT 2004-2005**VI. MEANS OF COMMUNICATIONS**

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

Whether presentations made to institutional Investors or to the Analysts
Newspapers in which Results are normally 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 Results will be displayed on the Website.

No

Financial Express and Punya Nagari

Yes

VII. GENERAL SHAREHOLDER INFORMATION

AGM Date, Time and Venue

29.09.2005 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, 2005

Second Quarter Results

By end October, 2005

Third Quarter Results

By end January, 2006

Fourth Quarter Results

By end April, 2006

Audited Results of the year ending 31st March, 06

End July, 2006

Date of Book Closure

26th to 29th September, 2005.

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 31st March, 2006.

Stock Code – Physical

531119

Demat ISIN Number for NSDL & CDSL

INE418D01010

Market 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
Apr'04	7.00	7.00
May'04	8.15	8.15
Jun'04	8.95	8.95
Jul'04	9.00	7.50
Aug'04	8.90	5.13
Sep'04	9.90	4.11

Month	High	Low
Oct'04	7.90	6.77
Nov'04	11.50	5.70
Dec'04	13.00	7.50
Jan'05	10.74	8.33
Feb'05	11.89	7.37
Mar'05	10.29	8.16

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. Transfers in favour of NSDL/CDSL on dematerialisation requests are approved by Managing Director