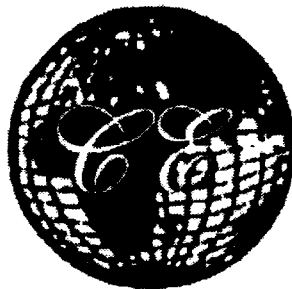




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CEENIK EXPORTS (INDIA) LIMITED

12TH ANNUAL REPORT 2005-2006**BOARD OF DIRECTORS**

NARAIN N. HINGORA *Chairman & Managing Director*
 BRIJLAL S. BACHAN
 PREM L. VACHHANI
 CHANDRU K. BAKHTIANI

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. HINDUJAMARG, KHAR(W), MUMBAI – 400 052.

AUDITORS

M/s.UDAYAVAR DHANESH KUMAR & ASSOCIATES
 CHARTERED ACCOUNTANTS
 52, ABC TELWALA,
 G. D. AMBEKAR MARG, NAIGAUM,
 DADAR, MUMBAI – 400 014.

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ANNUAL GENERAL MEETING

On Saturday, 30th September, 2006 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.

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

12TH ANNUAL REPORT 2005-2006**NOTICE**

NOTICE is hereby given that the **Twelfth Annual General Meeting** of the members of **CEENIK EXPORTS (INDIA) LTD.** will be held at 11.00 A.M. on Saturday, 30th September, 2006 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, 2006 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 2006.**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) Information about Directors seeking appointment / re-appointment as required under clause 49 of the listing agreement are furnished in Corporate Governance Report and hence, the same is not separately provided in the notice.
- c) Register of Members and Share Transfer Registers of the Company will remain closed from 25th September, 2006 to 30th September, 2006 (both days inclusive).

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DIRECTORS' REPORT

To,

The Members,

Ceenik Exports (India) Ltd.

Your Directors hereby present their TWELFTH ANNUAL REPORT alongwith the audited Financial Statements for the year ended 31st March, 2006.

FINANCIAL HIGHLIGHTS:

	(Rupees) 2005-2006	(Rupees) 2004-2005
Profit before Financial Cost, Depreciation & Tax	90,22,059	58,28,836
Less: Financial Cost	48,85,972	30,70,107
Less: Depreciation	12,93,441	15,35,596
Profit/Loss before Tax	28,42,646	12,23,133
Less: Provision for Tax	2,25,000	5,00,000
Less: Provision for Fringe Benefit Tax	1,65,418	---
Add/Less: Deferred Tax Expenses (Income)	(5,60,929)	(2,60,000)
Add/Less: Excess Provision of Tax written back	55,201	9,65,286
Sundry Balances written back	2,13,041	4,57,270
Net Profit for the year	31,70,997	4,75,117
Balance brought forward from Previous Year	10,17,04,092	10,12,28,975
Balance Carried Forward	10,48,75,089	10,17,04,092

DIVIDEND

In order to conserve resources, 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 widely spread across the country and is dominated by SSI units. The Government Policies also favour the small Industry. World wide the trend is towards huge capacities, with economies of scale.

PERFORMANCE REVIEW

Though the export sales for the year under review has marginally reduced, the total income has increased little over by 10% compared to previous year. Your Directors are glad to report that the pre-tax profit for the year was substantially higher.

The total income for the year was Rs. 870.66 lakhs and pre-tax profit was Rs. 30.55 lakhs as against Rs. 787.40 lakhs and 16.80 lakhs for the previous year.

For the first three months of the current year the Company has maintained the pace of growth and has reported total income of Rs. 343.49 lakhs and pre-tax profit of Rs. 68.50 lakhs.

The Company is actively considering restructuring its business which will enhance the shareholders value. The members would be approached once the shape is given to restructuring exercise.

OPPORTUNITIES & THREATS

After abolition of quota regime there is ample opportunity to increase exports by penetrating Europe and U.S. markets where manufacturing cost is comparatively higher. This situation will make the India sourcing hub for developed countries.

On the other hand, there is a clear threat from China who has large capacities with ultra-modern machineries. These competitors have an edge over us in manufacturing costs, better productivity, better infrastructure facilities and flexible labour laws.

12TH ANNUAL REPORT 2005-2006**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.48.86 lakhs as against Rs.30.70 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.

PERSONNEL

The Company had 14 employees as on 31st March, 2006 as against 18 as on 31st March, 2005. 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 them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit 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. Brijlal S. Bachani shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment.

12TH ANNUAL REPORT 2005-2006**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. 632.49 lakhs and spent foreign exchange worth Rs. 11.33 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 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.

For & on behalf of the Board

(Narain N. Hingorani)

Chairman & Managing Director

Mumbai.

31st July, 2006.

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

- a) As on 31st March, 2006, the strength of the Board of Directors was four comprising of Chairman and Managing Director, and three other Non Executive Directors.

During the financial year under review, Eight Board Meetings were held on 12.04.2005, 30.06.2005, 30.07.2005, 24.10.2005, 29.10.2005, 21.11.2005, 31.01.2006, and 16.03.2006. 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, 2006), is as under:

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 29.09.2005	No. of other Companies in which Director	Member of Committee other than Private & Foreign Co.
Mr. Narain Hingorani	Chairman & Managing Director	8	Yes	4	1
Mr. Brijlal Bachani	Independent Non-Executive	6	No	1	1
Mr. Prem Vachhani	Non-Executive	7	Yes	0	2
Mr. Chandru Bakhtiani	Independent Non-Executive	8	Yes	1	2
Mr. Haresh Teckchandani	Independent Non-Executive	1	Yes	0	0

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

Name of Director	Mr. Brijlal S. Bachani
Date of Birth	12.12.1939
Date of Appointment	27.01.1995
Business Experience	40 years
Qualification	B.A.
Directors in other Companies incorporated in India	Ramolene Textile Industries Ltd.
Chairman/Member of Committee of Companies other than Ceenik Exports (India) Ltd.	None

b) Board Procedure

All the Directors on the Board are informed the date and venue of the each Board Meeting in advance alongwith Agenda. To enable the Board to discharge its responsibilities effectively, the Managing Director and Finance Manager apprises the Board the overall performance of the Company. The Board reviewed the strategy, bussiness plan, annual operating and capital expenditure budgets, projections, compliance reports of all laws applicable to the company as well as the steps taken to rectify instances on non-compliances, taking on record of unaudited quaterly / half yearly / annual results, minutes of the meetings of the Audit and other Committees of the Board and information on recruitment of officers just below the Board level.

c) Code of Conduct

The Board has laid down Code of Conduct for the Board Members and other senior management and employees of the Company. All Board Members and senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Managing Direcor to this effect is enclosed at the end of this report.

d) Disclosures

- i) **CEO & CFO Certificate** : The Managing Director and Finance Manager have given a certificate to the Board as contemplated in clause 49 of the Listing Agreement and the same was placed before the Board.
- ii) Transaction with related parties are disclosed under clause no. 8 of schedule 14 forming part of the Accounts. The register of contracts containing the transactions in which Directors are interested is placed before the Board for its approval.
- iii) During the last three years, there were no strictures or penalties imposed by either the Securities Exchange Board of India or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital market.

III.COMMITTEE OF THE BOARD

a) Audit Committee:

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

The Audit Committee comprises of Mr. Brijlal S. Bachani, 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.

B) Remuneration Committee:

The Remuneration Committee comprises of Mr. Chandru Bakhtiani and Mr. Prem Vachhani.

Remuneration of Directors

The details of remuneration paid to the Directors during the financial year April,2005 - March, 2006 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.

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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, and Mr. Chandru Bakhtiani. Mr. Vimal Singhania, Finance Manager, is also the Compliance officer of the Company.

The Committee met 16 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.

IV. GENERAL BODY MEETINGS

The last three Annual Meetings were held as under:

Financial Year	Date	Time	Location
2002-03	27.09.2003	11.00 a.m.	225/A-1, Shah & Nahar Indl. Estate, S.J. Road, Lower Parel(W), Mumbai - 400 013.
2003-04	25.09.2004	11.00 a.m.	—do—
2004-05	29.09.2005	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.

VI. MEANS OF COMMUNICATIONS

Half-yearly report sent to each household of Shareholders

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

Quarterly Results

—do—

Any Website where displayed

Website is under development and Results will be displayed on the Website.

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

No

Financial Express and Dainik Sagar

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

Yes

VII. GENERAL SHAREHOLDER INFORMATION

AGM Date, Time and Venue

30.09.2006 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, 2005 to March, 2006

Financial Year

April to March

First Quarter Results

By end July, 2006

Second Quarter Results

By end October, 2006

Third Quarter Results

By end January, 2007

Fourth Quarter Results

By end April, 2007

Audited Results of the year ending 31st March, 06

End July, 2007

Date of Book Closure

25th to 30th September, 2006.

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, 2007.

Stock Code - Physical

531119

Demat ISIN Number for NSDL & CDSL

INE418D01010