



ANNUAL REPORT

2007-2008



For CEENIK EXPORTS (INDIA) LTD.

[Signature]
Director

CEENIK EXPORTS (INDIA) LIMITED

14TH ANNUAL REPORT 2007-2008**BOARD OF DIRECTORS**NARAIN N. HINGORANI, *Chairman & Managing Director*

BRIJLAL S. BACHANI

PREM L. VACHHANI

CHANDRU K. BAKHTIANI

BANKERS

- 1) KARNATAKA BANK LTD.
OVERSEAS BRANCH
COOPERAGE, MUMBAI – 400 020.
- 2) HDFC BANK LTD.
LOWER PAREL, MUMBAI – 400 013.
- 3) ICICI BANK LTD.
LOWER PAREL, MUMBAI – 400 013.

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AUDITORS

M/s.UDAYAVAR DHANESH KUMAR & ASSOCIATES
CHARTERED ACCOUNTANTS
B/7, AMBEKAR NAGAR,
OFF G. D. AMBEKAR NAGAR,
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 Tuesday, 30th September, 2008 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.

14TH ANNUAL REPORT 2007-2008**NOTICE**

NOTICE is hereby given that the **Fourteenth Annual General Meeting** of the members of **CEENIK EXPORTS (INDIA) LTD.** will be held at 11.00 A.M. on Tuesday, 30th September, 2008 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, 2008 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.

Regd. Office:

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

Date: 31st July, 2008.

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 PROXY (IES) TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND THAT SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY (IES) 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 22nd September, 2008 to 30th September, 2008 (both days inclusive).

14TH ANNUAL REPORT 2007-2008**DIRECTORS' REPORT**

To,
The Members,
Ceenik Exports (India) Ltd.

Your Directors hereby present their FOURTEENTH ANNUAL REPORT along with the Audited Financial Statements for the year ended 31st March, 2008.

FINANCIAL HIGHLIGHTS:

	(Rupees) <u>2007-2008</u>	(Rupees) <u>2006-2007</u>
Profit before Financial Cost, Depreciation & Tax	2,30,73,573	1,13,78,339
Less: Financial Cost	1,47,21,712	67,79,209
Less: Depreciation	10,05,157	10,81,643
Profit/Loss before Tax	73,46,704	35,17,487
Less: Provision for Tax	5,50,000	3,90,000
Less: Provision for Fringe Benefit Tax	60,000	85,000
Less: Prior Period Expenses	1,86,154	Nil
Add/Less: Deferred Tax Expenses (Income)	87,016	57,939
Add/Less: Excess Provision of Tax written back	Nil	19,88,790
Sundry Balances written back	17,049	2,39,647
Net Profit for the year	56,92,583	5,212,985
Balance brought forward from Previous Year	11,00,88,074	10,48,75,090
Balance Carried Forward	11,57,80,657	11,00,88,074

DIVIDEND

In order to conserve resources, your Directors have not recommended any dividend.

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

The Garment Industry in India is witnessing consolidation across the country. The Demographic structure of our country gives tremendous scope for the development of the industry. The Entry of Multinational Retail Chains also augurs well for the industry.

PERFORMANCE REVIEW

Export Sales of Garments fell nearly 10% for the year under review, whereas profit increased by about 90%. Higher income from the Real Estate & Investment segment contributed to the overall profit growth.

The total income for the year was Rs. 1111.83 lakhs and pre-tax profit was Rs. 71.78 lakhs as against Rs. 1086.31 lakhs and Rs.37.57 lakhs for the previous year respectively.

The slowdown in USA has slackened demand to some extent. However, the management is taking care to attain profitable growth.

The Company is actively considering to restructure its business into separately focused entities.

OPPORTUNITIES & THREATS

The Indian Economy continues to grow at a robust pace. The overall development of Indian retail markets & increasing purchasing power of Indian consumers offers huge opportunities.

The tremendous volatility in the value of the rupee vis-a-vis the dollar has created confusion. The major markets of USA and Europe are witnessing a slowdown which will affect demand.

RISKS AND CONCERNS

So far the company is exporting 100% of its produce & the billing is in US Dollars. The sudden & huge fluctuation in the exchange rate poses major risk to our profitability.

The speed of creation of new infrastructure in the country is a major concern. Availability of skilled manpower & rising costs of land are other major concerns.

14TH ANNUAL REPORT 2007-2008**FINANCE**

The finance cost for the year was higher at Rs.147.21 lakhs as against Rs.67.79 lakhs for the previous year. This was mainly due to Term Loans availed for purchase of Commercial Property. The working capital requirements are being prudently managed.

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, 2008 as against 14 as on 31st March, 2007. 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

Efforts are being made for increasing exports by overseas tie-ups with agent's abroad & better customer relations. Future prospects of Garment Industry is very bright as the domestic economy is growing by leaps & bounds & consumer preference shifting from tailor made to readymade garments. This will reduce the dependence on the world markets, and offer an alternative market.

RISK MANAGEMENT

Your Directors regularly review the steps required to mitigate the business risk. The exports are generally covered under ECGC. All assets of the company are adequately insured.

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.

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. Chandru K. Bakhtiani shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment.

14TH ANNUAL REPORT 2007-2008**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.808.74 lakhs and spent foreign exchange worth Rs.16.23 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., HDFC Bank Ltd., & ICICI Bank Ltd. for their 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, 2008.

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 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, 2008, 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, Seven Board Meetings were held on 13.04.07, 04.07.07, 31.07.07, 28.08.07, 31.10.07, 31.01.08, and 24.03.08. 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, 2008), is as under:

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 28.09.2007	No. of other Companies in which Director	Member of Committee other than Private & Foreign Co.	No. of Share held
Mr. Narain Hingorani	Chairman & Managing Director	7	Yes	4	1	4,50,000
Mr. Brijlal Bachani	Independent Non-Executive	6	No	1	1	500
Mr. Prem Vachhani	Non-Executive	6	Yes	0	2	3,600
Mr. Chandru Bakhtiani	Independent Non-Executive	5	Yes	1	2	Nil

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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

b) Board Procedure

All the Directors on the Board are informed the date and venue of 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 reviews 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 Director to this effect is enclosed at the end of this report.

d) Disclosures

- 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.
- 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.
- 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.
- 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. The committee was not required to meet during the year.

Remuneration of Directors

The details of remuneration paid to the Directors during the financial year April, 2007 - March 2008 are given below:

a) Executive Directors

Name of Directors	Salary and Allowances	Commission (Provision made)	Perquisites	Retirement Benefits*
Mr. Narain Hingorani	Rs.4,80,000/-	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 remuneration including 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 5 times during the year under review.

The Committee looks into redressing of shareholders / investors complaints, issue of duplicate Share Certificate. The Company's Registrars, M/s. Mondkar Computers Pvt. Ltd. has confirmed that they have not received any complaint on behalf of the company during the years under review. The company has also not received any complaint from the shareholders.

IV. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
2004-05	29.09.2005	11.00 a.m.	225/A-1, Shah & Nahar Indl. Estate, S.J. Road, Lower Parel(W), Mumbai - 400 013.
2005-06	30.09.2006	11.00 a.m.	—do—
2006-07	28.09.2007	11.00 a.m.	—do—

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

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

V. MEANS OF COMMUNICATIONS

Half-yearly report sent to each

household of Shareholders

Quarterly Results

Any Website where displayed

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

—do—

No

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

Business Standard & Dainik Sagar / Mumbai Lakshdeep & Financial Express

Yes

VI. GENERAL SHAREHOLDER INFORMATION

AGM Date, Time and Venue

30.09.2008 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, 2007 to March, 2008

Financial Year

April to March

First Quarter Results

By end July, 2008

Second Quarter Results

By end October, 2008

Third Quarter Results

By end January, 2009

Fourth Quarter Results

By end April, 2009

Audited Results of the year ending 31st March, 09

End July, 2009

Date of Book Closure

22nd to 30th September, 2008.

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, 2009.

Stock Code - Physical

531119

Demat ISIN Number for NSDL & CDSL

INE418D01010