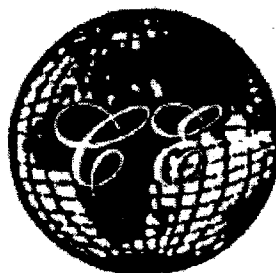


# 16th

## ANNUAL REPORT

2009-2010



**CEENIK EXPORTS (INDIA) LIMITED**

## 16TH ANNUAL REPORT 2009-2010

### 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  
NARIMAN POINT, MUMBAI – 400 021.

2) HDFC BANK LTD.  
LOWER PAREL, MUMBAI – 400 013.

3) ICICI BANK LTD.  
LOWER PAREL, MUMBAI – 400 013.

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### ANNUAL GENERAL MEETING

On Thursday, 30<sup>th</sup> September, 2010 at 11.00 a.m. at  
10-A, Jeevan Jagruti C.H.S. Ltd., Dr. Ambedkar Road,  
Bandra (W), Mumbai – 400 050.

#### NOTE :

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

### 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

10/A, JEEVAN JAGRUTI C.H.S. Ltd., DR. AMBEDKAR  
ROAD, BANDRA (W), MUMBAI – 400 050.

## 16TH ANNUAL REPORT 2009-2010

### NOTICE

NOTICE is hereby given that the **Sixteenth Annual General Meeting** of the members of **CEENIK EXPORTS (INDIA) LTD.** will be held at 11.00 A.M. on Thursday, 30<sup>th</sup> September, 2010 at 10-A, Jeevan Jagruti C.H.S. Ltd., Dr. Ambedkar Road, Bandra (W), Mumbai – 400 050, to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2010 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:

10/A, Jeevan Jagruti C.H.S. Ltd.,  
Dr. Ambedkar Road, Bandra(W),  
Mumbai – 400 050.  
Date: 30<sup>th</sup> Aug. 2010.

**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 22<sup>th</sup> SEPTEMBER, 2010 TO 30<sup>th</sup> SEPTEMBER, 2010 (BOTH DAYS INCL 'SIVE)

#### DIRECTORS' REPORT

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

Your Directors hereby present their SIXTEENTH ANNUAL REPORT alongwith the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2010.

#### FINANCIAL HIGHLIGHTS:

	(Rupees) 2009-2010	(Rupees) 2008-2009
Profit before Financial Cost, Depreciation & Tax	2,33,79,776	2,74,81,856
Less: Financial Cost	2,00,80,761	1,93,83,890
Less: Depreciation	6,48,614	10,07,249
<b>Profit/Loss before Tax</b>	<b>26,50,401</b>	<b>70,90,717</b>
Less: Provision for Tax	1,75,000	10,50,000
Less: Provision for Fringe Benefit Tax	0	50,000
Less: Prior Period Expenses	2,33,154	0
Add/Less: Deferred Tax Expenses(Income)	(3,85,835)	76,429
Add/Less: Short Provision of Tax / Sundry Balw/off	7,58,152	6,36,615
<b>Net Profit for the year</b>	<b>18,69,930</b>	<b>52,77,673</b>
Balance brought forward from Previous Year	12,10,58,332	11,57,80,659
<b>Balance Carried Forward</b>	<b>122,928,262</b>	<b>12,10,58,332</b>

**DIVIDEND**

Due to insufficient Profits, your Directors have not recommended any dividend.

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

The Garment Industry in India is witnessing stupendous growth. 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 55% for the year under review. Local Sales were also down by about 53% as a result Profit after tax decreased by about 65%. Income from the real estate & investment segment contributed to the majority of profit.

The total income for the year was Rs.796.81 lakhs and pre-tax profit was Rs. 26.50 lakhs as against Rs. 1631.55 lakhs and Rs. 70.90 lakhs for the previous year respectively.

**OPPORTUNITIES & THREATS**

The Indian Economy is one of the few countries which are growing. This presents a huge opportunity. The overall development of Indian markets & increasing purchasing power of Indian consumers offers huge Opportunities.

There is intense competition in the local market. The major markets of USA and Europe are still battling with recession which will affect export sales.

**RISKS AND CONCERNS**

The increased uncertainties in the Overall Business Scenario pose tremendous risks to business planning. 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 and rising costs of land are other major concerns.

**FINANCE**

The finance cost for the year was marginally higher at Rs. 200.80 lakhs as against Rs.193.83 lakhs for the previous year. The Management is striving to bring down the cost of funds. 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 11 employees as on 31<sup>st</sup> March, 2010 as against 12 as on 31<sup>st</sup> March, 2009. 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 local sales by tie-ups with agents & showrooms and better customer relations. Future prospects of garment Industry is very bright as the domestic economy is growing by leaps & bounds & consumer preference is shifting from tailor made to ready made garments.

**RISK MANAGEMENT**

Your Directors regularly review the steps required to mitigate the business risk. The exports are generally covered under ECGC. The 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. 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 in 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. 304.51 lakhs and spent foreign exchange worth Rs.16.94 lakhs.

**COMPLIANCE REPORT**

The company has received Compliance Report us 383 A of the Companies Act. 1956 from Mr. Upendra C. Shukla Company Secretary. The same is annexed and forms part of this report

**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.

Mumbai.  
30th August 2010.

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

## 16TH ANNUAL REPORT 2009-2010

### 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 31<sup>st</sup> March, 2010, 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, Nine Board Meetings were held on 13.04.09, 11.06.09, 30.06.09, 31.07.09, 10.09.09, 31.10.09, 20.11.09 and 29.01.10 and 05.03.10. 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, 2010), is as under:

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 30.09.2009	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	9	Yes	4	1	4,50,000
Mr. Brijlal Bachani	Independent Non-Executive	8	No	1	1	500
Mr. Prem Vachhani	Non-Executive	6	Yes	0	2	3,600
Mr. Chandru Bakhtiani	Independent Non-Executive	8	No	1	2	Nil

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

Name of Director	Mr. Prem Vachhani
Date of Birth	06.04.1938
Date of Appointment	31.01.1999
Business Experience	43 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

##### b) Board Procedure

All the Directors on the Board are informed about 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 Internal Audit or apprises the Board about performance of the Company. The Board reviews the strategy, business 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 quarterly / 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

- i) CEO Certificate : The Managing Director has given a certificate to the Board as contemplated in clause 49 of the Listing Agreement and the same was placed before the Board.
- ii) 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.
- iii) 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.
- iv) 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, 2009 - March 2010 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.

#### 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.

The Committee met 2 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 has also not received any complaint for the shareholders Investors.

### IV. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
2006-07	28.09.2007	11.00 a.m.	225/A-1, Shah & Nahar Indl. Estate, S.J. Rd., Lower Parel(W), Mumbai-13.
2007-08	30.09.2008	11.00 a.m.	—do—
2008-09	30.09.2009	11.00 a.m.	129/A-1, Shah & Nahar Indl. Estate, S.J. Rd., Lower Parel(W), Mumbai-13.

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

No

Business Standard & Dainik Sagar or Mumbai Lakshadeep/ or Financial Express and Dainik Sagar

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

Yes

**VI. GENERAL SHAREHOLDER INFORMATION**

AGM Date, Time and Venue

30.09.2010 at 11.00 a.m. at 10-A, Jeevan Jagruti C.H.S. Ltd., Dr. Ambedkar Road, Bandra (W), Mumbai -400 050

April, 2010 to March, 2011

Financial Calendar

April to March

Financial Year

By end July, 2010

First Quarter Results

By end October, 2010

Second Quarter Results

By end January, 2011

Third Quarter Results

By end April, 2011

Fourth Quarter Results

Audited Results of the year ending 31<sup>st</sup> March, 11

End August, 2011

Date of Book Closure

22<sup>nd</sup> to 30<sup>th</sup> September, 2010.

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, 2011.

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'09	20.65	19.50
May'09	22.25	20.45
Jun'09	21.00	19.05
Jul'09	19.90	19.09
Aug'09	19.00	18.05
Sep'09	18.00	17.95

Month	High	Low
Oct'09	17.50	11.65
Nov'09	11.07	08.60
Dec'09	14.70	11.59
Jan'10	16.36	12.15
Feb'10	15.22	11.83
Mar'10	13.42	11.50

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 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