

14th

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.

REGISTERED OFFICE

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

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

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.

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).

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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.

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.

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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 apprise 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 employes 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 & 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) 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, 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 employes.

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

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

Quarterly Results

-do-

Any Website where displayed

No

Whether presentations made to Institutional Investors or to the Analysts Newspapers in which Results are normally published in

No

Business Standard & Dainik Sagar / Mumbai Lakshdeep & Financial Express

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

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

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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'07	20.05	17.50
May'07	18.60	17.70
Jun'07	19.75	18.00
Jul'07	22.30	14.00
Aug'07	15.40	13.40
Sep'07	14.90	13.05

Month	High	Low
Oct'07	17.73	13.55
Nov'07	21.40	16.50
Dec'07	19.40	15.30
Jan'08	26.45	18.50
Feb'08	29.25	21.70
Mar'08	30.55	27.60

Registrars & Share Transfer Agents

Person to Contact

Telephone No.

Fax No.

Share Transfer System

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

Mr. Ravi Utekar

022 2836 6620

022 2821 1996

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

Distribution of Shareholding as on 31.03.2008

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1-500	997	79.633	1,42,590	4.256
500-1000	72	5.751	61,300	1.830
1001-2000	116	9.265	1,98,572	5.929
2001-3000	16	1.278	39,262	1.172
3001-4000	13	1.038	48,149	1.437
4001-5000	4	0.319	19,000	0.567
5001-10000	11	0.879	75,592	2.256
10001 And Above	23	1.837	27,65,535	82.553
TOTAL	1,252	100.00	33,50,000	100.00

Shareholding Pattern as on 31.03.2008

Categories of Shareholders

Indian Promoters

Non Resident Indians

Private Bodies Corporate

Indian Public

Dematerialisation of Shares and

Liquidity as on 31.03.2008

Outstanding GDRs/ ADRs/ Warrants

Factory Location

Address for correspondence

Percentage %

74.60

0.08

2.76

22.56

Dematerialised – 1,358,875

Not Issued

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

Shareholder correspondence should be addressed to the
Company's Registrars. Mondkar Computers Pvt. Ltd.
21, Shakil Niwas, Mahakali Caves Road,
Andheri (E), Mumbai - 400 093.

Shareholders holding shares in dematerialised form should address all their correspondence (including change of address, nomination, bank details to be incorporated on dividend warrants, Powers of Attorney, etc.) to their Depository Participants.

B. NON MANDATORY REQUIREMENTS

a) Chairman of the Board

Whether Chairman of the Board is entitled to maintain a Chairman's Office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties

Expenses incurred in performance of his duties are reimbursed.

b) Remuneration Committee

Formed

c) Shareholder Rights

The half yearly declaration of financial performance including summary of the significant events in last six months should be sent to each household of Shareholders.

The Company's half yearly Results are published in English and Marathi newspapers having wide circulation. Hence same are not sent to Shareholders.

d) Postal Ballot

The company will make use of postal ballot for obtaining approval for such items as are mandated under the listing agreements and by Section 192 A of the Companies Act, 1956.

DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,

The Members of Ceenik Exports (India) Ltd.

I, Narain Hingorani, Managing Director of Ceenik Exports (India) Ltd. declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct.

Place : Mumbai

(Narain N. Hingorani)

Date : 31.07.2008

Chairman & Managing Director

Certificate of Compliance from Auditors as stipulated under clause 49 of the listing agreement of the Stock Exchanges in India

CERTIFICATE

To the Shareholders

We have examined the compliance of conditions of Corporate Governance by Ceenik Exports (India) Ltd. for the year ended on 31st March, 2008, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us. We certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2008 no investor grievances are pending against the Company as per the records maintained by the Company and presented to the Investor Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Udayavar Dhanesh Kumar & Associates
Chartered Accountants**

Mumbai
31.07.2008.

**Dhanesh Kumar Udayavar
Proprietor**

Auditors' Report to the Members of Ceenik Exports (India) Ltd.

- 1) We have audited the attached Balance Sheet of **Ceenik Exports (India) Ltd.** as at **31st March, 2008** and also the Profit and Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
- 4) Further to our comments in the Annexure referred to above, we report that: -
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of those books.
 - iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

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- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of the written representations received from the directors, as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting policies and notes appearing thereon as contained in **Schedule 14** give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. In the case of the Balance Sheet, of the State of Affairs of the Company as at **31st March 2008**;
 - b. In the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **UDAYAVAR DHANESH KUMAR & ASSOCIATES**
Chartered Accountants

Place: Mumbai
Date: 30.06.2008

DHANESH KUMAR UDAYAVAR
Proprietor
Membership No. 102031

ANNEXURE TO THE AUDITORS REPORT

(Referred to in Paragraph 3 of our Report of even date)

1.
 - a. The Company has maintained proper records to show full particulars, including quantitative details and situation of the fixed assets.
 - b. All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c. As explained to us, the company has not disposed off a major or any part of plant and machinery during the year.
2.
 - a. As explained to us, the inventory has been physically verified by the management. According to the information and explanations given to us, we are of the opinion, the frequency of the verification is reasonable.
 - b. In our opinion, the procedure of the physical verification of the inventories followed by the company are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. The company is maintaining records of inventory. No discrepancies are noticed on verification between the physical stocks and the book records. However, the Company needs to improve methods of maintaining records of inventories of raw materials sent for processing, stitching, washing and other processes.

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3. a. The following are the particulars of unsecured loans taken from Companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.

Sr. No.	Name of the party	Amount (in Rs.)	Relationship	Year end Balance (Rs.)
1	Ceenik Fashions	21,400,000/-	Proprietor is Managing Director / Shareholder	449,897/-
2	Niktin Properties & Estates Pvt. Ltd.	7,290,000/-	Associate Company	332,895/-
3	International Exports Corporation	4,890,000/-	Proprietor is Shareholder / Promoter	2,353,017/-
4	September Fashion	4,322,700/-	Proprietor is Shareholder / Promoter	121,842/-
5	Ceenik Enterprises Ltd.	303,033/-	Associate Company	Nil

- b. The following are the particulars of loan given to Companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956.

Sr. No.	Name of the party	Amount (in Rs.)	Relationship	Year end Balance (Rs.)
1	Niktin Properties Pvt.Ltd	45,000/-	Associate Company	Nil

- c. Interest are paid on loans taken from Companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956. No interest is charged on loan given to companies, firms & other parties listed in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the rate of interest and other terms and conditions on which loans have been taken are not Prime facie prejudicial to the interest of the company.
- d. The company is regular in repaying the principal amounts as stipulated and the parties have repaid the principal amounts as stipulated.
- e. There is no overdue amount of loans taken from / given to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets & with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct weakness in internal controls.
5. a. Based on the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. In respect of contracts or arrangements to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the explanation and information given to us following is the transaction entered for an amount exceeding Rs.5 lacs with M/s. Viking Advanced Technologies Pvt. Ltd. (a) Labour Charges Paid Rs.6,523,159/-
6. The company has not accepted deposits from public, under section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion, the company has an internal audit system commensurate with size and nature of its business.
8. The company is not required to maintain any Books of Accounts pursuant to the rules made by the Central Government for the maintenance of Cost Records under section 209 (1) (d) of the Companies Act, 1956.

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9. a. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Cess and other material statutory dues applicable to it and no amount were in arrears as at 31st. March, 2008 for a period of more than six months from the date they became payable.
b. According to the records of the Company, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
10. There are no accumulated losses at the beginning of the year, The company has not incurred cash losses during the financial year covered under audit and the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, during the year under audit.
13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. Based on our audit procedures and on the information and explanations given to us, the company has maintained proper records of the transactions and contracts in respect of dealings or trading in shares, securities, debentures and other investments. The company timely records the transactions and the shares, securities, debentures and other securities are held by the company in its own name.
15. According to the information and explanations given to us, the company has not given guarantees for the loans taken by others from banks or financial institutions.
16. The term loans granted to the company have been applied for the purpose for which it was granted.
17. During the accounting period covered by our report, the company has raised Rs.877.30 lacs (net) from banks, and generated Rs.56.93 lacs as Long Term Sources and applied Rs.1122.29 lacs towards long term application. We find that long term funds were applied for long term purposes during the accounting period covered by our report.
18. The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. The company has not issued debentures during the year. Therefore, the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
20. The company has not made a public issue of any of its securities. Therefore, the provisions of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **UDAYAVAR DHANESH KUMAR & ASSOCIATES**
Chartered Accountants
DHANESH KUMAR UDAYAVAR
Proprietor
Membership No. 102031

Place : Mumbai
Date : 30th June, 2008

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BALANCE SHEET
as at 31st March, 2008

I. SOURCES OF FUND	Schedule		As at 31.03.2008 Rupees	As at 31.03.2007 Rupees
1. SHARE HOLDERS FUND				
(a) Share Capital	1	33,500,000		33,500,000
(b) Reserve & Surplus	2	<u>125,125,039</u>		<u>119,432,456</u>
			158,625,039	152,932,456
2. LOAN FUNDS				
(a) Secured Loans	3	165,112,999		77,383,246
(b) Unsecured Loans	4	<u>3,257,651</u>		<u>17,335,588</u>
			168,370,650	<u>94,718,834</u>
Total			<u>326,995,689</u>	<u>247,651,290</u>
II. APPLICATION OF FUNDS				
1. FIXED ASSETS	5			
(a) Gross Block		15,703,743		15,136,489
(b) Less: Depreciation		<u>6,187,255</u>		<u>5,182,098</u>
(c) Net Block			9,516,488	9,954,391
2. INVESTMENTS	6		212,348,636	101,125,117
3. CURRENT ASSETS, LOANS & ADVANCES	7			
(a) Inventories		35,054,636		46,079,126
(b) Sundry Debtors		76,783,380		58,876,301
(c) Cash & Bank Balances		1,430,092		653,113
(d) Other Current Assets		8,010,062		4,010,709
(e) Loans & Advances		20,061,111		41,366,980
(f) Share Application Money		---		3,86,500
(g) Deferred Tax Assets		<u>382,974</u>		<u>1,257,990</u>
		141,722,255		152,630,719
Less : Current Liabilities & Provisions	8			
(a) Liabilities		35,127,616		15,218,487
(b) Provisions		<u>1,464,074</u>		<u>840,450</u>
		36,591,690		16,058,937
Net Current Assets			105,130,565	136,571,782
4. MISCELLANEOUS EXPENDITURE			-	-
Total			<u>326,995,689</u>	<u>247,651,290</u>

Notes forming part of Accounts 14

As per our attached report of Even Date

For Udayavar Dhanesh Kumar & Associates
Chartered Accountants

Dhanesh Kumar Udayavar
Proprietor
Membership No. 102031

Place : Mumbai
Date : 30.06.2008

For and on behalf of the Board

Narain N. Hingorani
Chairman & Managing Director

Prem L Vachhani
Director

Place : Mumbai
Date : 30.06.2008

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**PROFIT AND LOSS ACCOUNT
as at 31st March, 2008**

INCOME	Schedule	For the year ended	
		31.03.2008 Rupees	31.03.2007 Rupees
Sales - Exports		82,847,917	94,341,732
Sales - Fabric		1,573,382	120,947
Other Income	9	<u>26,744,772</u>	<u>13,930,711</u>
		111,166,071	108,393,390
EXPENDITURE			
(Increase)/ Decrease in stock	10	1,296,747	-
Materials	11	46,106,102	58,480,487
Other Expenses	12	40,689,649	38,534,564
Interest paid	13	14,721,712	6,779,209
Depreciation		<u>1,005,157</u>	<u>1,081,643</u>
		103,819,367	104,875,903
Profit/ (Loss) before Taxation		7,346,704	3,517,487
Add: Sundry Balances Written Back		(17049)	239,647
Less Prior Period Expenses		186,154	-
Less: Provision for Tax		550,000	390,000
Less: Provision for Fringe Benefit Tax		60,000	85,000
Add (Less) : Deferred Tax Income / (Expenses)		<u>(875,016)</u>	<u>(57,939)</u>
Profit/ (Loss) after Taxation		5,692,583	3,224,195
Add: Excess Provision for tax		-	1,988,790
Profit / (Loss) for the year		<u>5,692,583</u>	<u>5,212,985</u>
Balance Brought Down		110,088,074	104,875,089
Available for Appropriations		<u>115,780,657</u>	<u>110,088,074</u>
Transfer to General Reserve		-	-
Balance Carried to Balance Sheet		<u>115,780,657</u>	<u>110,088,074</u>
		115,780,657	110,088,074
Notes forming part of Accounts	14		

As per our attached report of Even Date

For Udayavar Dhanesh Kumar & Associates
Chartered Accountants

Dhanesh Kumar Udayavar
Proprietor
Membership No. 102031

Place : Mumbai
Date : 30th June 2008

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

Prem L Vachhani
Director

Place : Mumbai
Date : 30th June, 2008

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Schedule No. 1 to 14 annexed to and forming part of the Balance Sheet as at and the Profit and Loss Account for the year ended 31st March, 2008

	As at 31.03.2008 Rupees	As at 31.03.2007 Rupees
Schedule 1: Share Capital:		
Authorised		
75,00,000 Equity Shares of Rs. 10 each	<u>75,000,000</u>	<u>75,000,000</u>
Issued, Subscribed & paid up		
33,50,000 Equity Shares of Rs. 10 each fully paid up (Previous year 33,50,000 Equity Shares of Rs. 10 each)	<u>33,500,000</u>	<u>33,500,000</u>
Schedule 2: Reserves & Surplus		
Export Reserve		
As per Last Account	460,324	460,324
General Reserve		
As per Last Account	8,884,058	8,884,058
Set aside this year	<u>-</u>	<u>-</u>
Surplus as per Annexed Accounts	<u>115,780,657</u>	<u>110,088,074</u>
	<u>125,125,039</u>	<u>119,432,456</u>
Schedule 3: Secured Loans		
From a Bank against hypothecations of Raw Materials, Finished Goods, Stocks in Process and Book Debts and by endorsements of certain Export documents in favour of Bank and personal guarantee of the promoters.	36,833,839	32,294,687
Loan from Banks is against property acquired & personal guarantees of the promoters & Corporate Guarantee of Associate Company.	<u>128,279,160</u>	<u>45,088,559</u>
	<u>165,112,999</u>	<u>77,383,246</u>
Schedule 4: UnSecured Loans		
From Directors & Shareholders	2,924,756	2,550,588
Inter Corporate Deposit	332,895	14,785,000
	<u>3,257,651</u>	<u>17,335,588</u>

Schedule 5 : Fixed Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on	Addition	Sales/Deduction	Total	As on	For the year		As on	W.D.V.	W.D.V.
	01.04.2007	during the year		31.03.2008	01.04.2007	Additions	Deduction	31.03.2008	31.03.2008	31.03.2007
Factory Buildings, Commercial Premises & Plots	6,515,181	--	--	6,515,181	1,118,897	281,820	--	1,400,717	5,114,464	5,395,284
Plant & Machinery	5,981,670	--	--	5,981,670	2,000,049	533,845	--	2,563,894	3,427,776	3,981,621
Furniture & Fixtures	324,524	22,000	--	346,524	255,097	14,682	--	269,779	76,745	69,427
Computers	527,033	17,788	--	544,821	455,289	32,754	--	488,043	56,778	71,744
Motor Car	1,788,081	527,466	--	2,315,547	1,362,766	122,066	--	1,474,822	840,725	435,315
Total	15,136,489	567,254	--	15,703,743	5,182,098	1,005,157	--	6,187,255	9,516,488	9,954,391
Previous Year	18,680,169	1,157,164	4,700,844	15,136,489	5,345,097	1,081,643	1,244,632	5,182,098	9,954,391	-

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	As at		As at	
	31.03.2008		31.03.2007	
<u>Schedule 6: Investments</u>	Quantity	Rupees	Quantity	Rupees
<u>Investment in Equity & Preference Shares</u>				
<u>UNQUOTED (Equity)</u>				
Ceenik Enterprises Ltd.	125,000	2,500,000	125,000	2,500,000
Ceenik Holdings Pvt. Ltd.	95,000	1,900,000	95,000	1,900,000
Niktin Properties & Estates Pvt. Ltd.	258,000	6,660,000	258,000	6,660,000
Global Ispat Ltd.	100,000	1,000,000	100,000	1,000,000
Parag Milk & Milk Products Pvt. Ltd.	15,000	3,000,000	15,000	3,000,000
Scorpio India Ltd.	70,000	3,500,000	70,000	3,500,000
Ankola Papar Mills Pvt Ltd	20,000	5,000,000	-	-
Total A	683,000	23,560,000	663,000	18,560,000
<u>UNQUOTED (Preference Non Cumulative)</u>				
9% Ceenik Enterprises Ltd.	500,000	5,000,000	500,000	5,000,000
9% Ceenik Holdings Pvt. Ltd.	100,000	1,000,000	100,000	1,000,000
Total B	600,000	6,000,000	600,000	6,000,000
<u>QUOTED</u>				
Aditya Birla Nuvo Ltd.	100	195,233	-	-
Alok Industries Ltd.	1,000	69,690	-	-
Arvind Mills Ltd.	1,000	49,490	-	-
Ballarpur Mills Ltd	-	-	500	61,610
Denso India Ltd.	800	10,560	800	10,560
Emco Transaformers Ltd	-	-	-	6,230
Eaab India Ltd.	100	4,110	100	4,110
Gillete India Ltd.	150	53,377	200	71,497
Glaxo Smithkline Pharma Ltd.	100	61,394	100	61,394

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IDBI Ltd.	1,000	111,100	-	-
I-Flex Solutions Ltd.	100	96,758	-	-
India Cements Ltd.	500	100,975	-	-
M & M Ltd.	500	314,110	-	-
Morepen Laboratories Ltd.	3,600	114,490	3,600	114,490
Mysore Cements Ltd	1,000	40,200	-	-
Novartis India Ltd.	100	26,365	100	26,365
Rama Newsprint & Paper Ltd.	-	-	-	9,825
Rayben Sun Optics Ltd.	700	32,375	700	32,375
Tata Tea Ltd.	100	88,981	200	186,879
Tata Teleservices Maharashtra Ltd.	26,943	280,978	36,943	372,471

(Market Value as on 31.03.2008 is Rs. 2,199,776)

(Market Value as on 31.03.2007 is Rs. 1,558,157)

Total C

37,793	1,650,185	43,243	957,806
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Investment in Mutual Fund

Franklin India Opportunities Fund	30,000	300,000	30,000	300,000
Prudential ICICI Discovery Fund	4,889	50,000	4,888	50,000
HDFC Liquid Growth	31,870	500,000	-	-

(NAV as on 31.03.2008 is Rs.1,489,067)

(NAV as on 31.03.2007 is Rs.8,41,875/-)

Total D

66,759	850,000	34,889	350,000
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Investment in Commercial Properties

---	180,288,451	---	75,257,311
-----	-------------	-----	------------

Total E

180,288,451	75,257,311
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Total A+B+C+D+E

---	212,348,636	---	101,125,117
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	<u>Rupees</u>	For the year ended	
		<u>31.03.08</u>	<u>31.03.07</u>
		<u>Rupees</u>	<u>Rupees</u>
<u>Schedule 7: Current Assets, Loans and Advances</u>			
<u>(a) Inventories</u>			
Stock in trade, at cost or market value whichever is lower			
Raw Material	27,859,981		35,012,663
Finished Goods	6,819,873		8,116,620
Tailoring Materials	208,043		1,674,183
Packing Materials	<u>166,739</u>		<u>1,275,660</u>
		35,054,636	46,079,126
<u>(b) Sundry Debtors, Unsecured considered Good</u>			
Outstanding for a period exceeding Six Months	39,221,732		24,625,596
Others	<u>37,561,648</u>		<u>34,250,705</u>
		76,783,380	58,876,301
<u>(c) Cash & Bank Balances</u>			
Cash on Hand	636,841		130,425
<u>Balances with Schedule Banks:</u>			
In Fixed Deposits	1,567,611		1,048,164
In Current Accounts	(814,013)		(712,867)
Interest accrued on fixed deposits	<u>39,653</u>		<u>187,391</u>
		1,430,092	653,113
<u>(d) Other Current Assets</u>			
Duty Drawbacks receivable	5,140,255		3,705,089
Sale tax set off receivable	287,345		295,100
Rent Service Tax Receivable	<u>2,582,462</u>		<u>10,520</u>
		8,010,062	4,010,709
<u>(e) Loans & Advances, unsecured, Good</u>			
Advances recoverable in Cash or in kind for value to be recd.	8,100,608		29,121,359
Sundry Deposits	6,403,391		6,393,391
Tax paid in Advance	<u>5,557,112</u>		<u>5,852,230</u>
		20,061,111	41,366,980
<u>(f) Share Application Money -Viking</u>			
<u>Advanced Technologies Pvt. Ltd.</u>			
<u>(g) Deferred Tax Asset</u>			
		<u>382,974</u>	<u>1,257,990</u>
		<u>141,722,255</u>	<u>152,630,719</u>
<u>Schedule 8: Current Liabilities and Provisions</u>			
<u>(a) Liabilities</u>			
Sundry Creditors	16,574,690		8,201,150
Other Liabilities	<u>18,552,926</u>		<u>7,017,337</u>
		35,127,616	15,218,487
<u>(b) Provisions</u>			
Provision for Taxation	1,165,000		615,000
Provision for Fringe Benefit Tax	145,000		85,000
Provision for Audit Fees	154,074		140,450
		1,464,074	840,850
		<u>36,591,690</u>	<u>16,058,937</u>

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	For the year ended	
	31.03.08	31.03.07
	Rupees	Rupees
<u>Schedule 9: Other Income</u>		
Export Incentive	8,685,796	6,083,220
Profit on Sale of Properties & Investments	402,656	(2,517,208)
Rent Income	19,804,441	11,252,342
Dividend Income	8,185	19,500
Exchange / (Loss) Difference (Net)	(3,665,759)	(2,692,633)
Job Work Income	--	97,219
Interest on Fixed Deposit	90,314	165,793
Interest on IT Refund	---	693,296
Interest on Sales Tax Refund	---	16,134
Interest on Loan	1,417,609	813,047
Discount Recd.	1,530	-
	<u>26,744,772</u>	<u>13,930,710</u>
<u>Schedule 10: (Increase) / Decrease in Stock</u>		
Stock at Close (Finished Goods)	6,819,873	8,116,620
Less: Stock at Commencement	8,116,620	8,116,620
	<u>1,296,747</u>	<u>-</u>
<u>Schedule 11: Materials</u>		
<u>Raw Materials Consumed:</u>		
Stock at Commencement	35,012,663	35,681,368
Purchases	38,953,420	57,811,782
	<u>73,966,083</u>	<u>93,493,150</u>
Less: Stock at Close	27,859,981	35,012,663
	<u>46,196,102</u>	<u>58,480,487</u>
<u>Schedule 12: Other Expenses</u>		
Manufacturing Charges	24,732,108	21,743,046
Packing Material	3,223,720	2,580,627
Freight	2,182,750	6,456,864
Repairs	503,747	22,030
Transportation Expenses	72,166	108,589
	<u>30,714,491</u>	
<u>Employees Emoluments</u>		
Salary, Wages, Bonus	1,681,322	1,468,194
Contribution to Provident and other funds	138,597	142,450
Welfare Expenses	59,708	590,198
Managing Directors Remuneration	480,000	480,000
	<u>2,359,627</u>	<u>-</u>
Insurance of Key Personnel - Managing Director	-	219,242
Rent, Rates & Taxes	2,005,075	1,300,609
Insurance	251,948	151,920
Telephone Charges	190,853	173,636
<u>Auditors Remuneration</u>		
As Auditors	84,270	84,270
For VAT Audit	28,090	28,090
For Tax Audit	28,090	28,090
Advertisements	42,924	30,079
Travelling	295,650	81,927
<u>Donations</u>		
- to Political party	2,500	2,500
- to Others	30,000	33,201
Debtors W/off	427,256	-
Miscellaneous Expenses	31,24,351	2,204,408
Bank Charges	1,104,520	406,694
	<u>40,689,649</u>	<u>38,534,564</u>
<u>Schedule 13: Interest Paid</u>		
Bank Interest	13,640,330	6,779,209
Interest on unsecured loan	1,081,382	-
	<u>14,721,712</u>	<u>6,779,209</u>

Schedule 14:

NOTES FORMING PART OF THE ACCOUNTS

1. Accounting Policies:

a) Accounting Concepts:

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with the mandatory Accounting Standards prescribed by the Institute of Chartered Accountants of India and in accordance with relevant presentational requirements of the Companies Act, 1956.

b) Fixed Assets:

Fixed Assets are stated at historical cost. Cost is inclusive of freight, installation, duties and other incidental expenses.

c) Investments:

Investments are classified as long term. They are valued at cost. Diminution in market value is not considered as permanent.

d) Inventories:

Raw Materials, Packing Material and Tailoring Material are valued at the lower of cost and net realisable value except waste/scrap which is valued at net realisable value.

Finished goods include cost of conversion and other manufacturing costs. Obsolete, defective and unserviceable stocks are duly provided for.

e) Revenue:

i) Export Sales represents invoiced value of goods sold.

ii) Incomes from shares and Mutual funds are recognised on receipt basis.

iii) Income from Bank FDR's is accounted on accrual basis, inclusive of related tax deducted at source, except interest on FDR's which are not renewed.

iv) Profit on sale of Investments is net of Profit / Loss on sale of individual shares and mutual funds and also includes gains / (loss) on shares.

v) Incomes from Commercial Premises and flats rented are recognised on accrual basis.

vi) Other Interest Incomes are accounted on accrual basis, inclusive of related tax deducted at Source.

vii) Refund/ Dues from Government Authorities are accounted on receipt of order.

f) Depreciation:

Depreciation is charged on assets on written down value method applying the rates of Schedule XIV of the Companies Act, 1956.

g) Retirement Benefits:

The Company makes regular contribution of provident fund and these contributions are charged to Profit and Loss Account.

Gratuity is recognised on cash basis and charged to Profit & Loss Account.

h) Foreign Currency Translations:

Transactions in foreign currencies are recorded at exchange rates existing at the time of transactions and exchange differences arising from the foreign currency transaction are dealt with in Profit and Loss Account separately.

Current Assets at the year-end are being converted at closing rates and exchange differences are dealt with in the Profit and Loss Account.

i) Taxes on Income:

Provisions for Current Tax are made on the basis of estimated taxable income for the current accounting period and in accordance with the provisions as per the Income Tax Act, 1961.

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	As at 31.03.2008	As at 31.03.2007
(2) Value of Imports on C.I.F. basis		
Purchase of Tailoring Material	1,413,422	1,897,087
(3) Expenditure in Foreign Currencies		
Travelling Expenses	209,600	NIL
(4) Earning in Foreign Currencies		
FOB Value of Exports	80,874,991	88,315,588
(5) Managerial Remuneration		
The Profit & Loss Account Includes Payment made to Managing Director as Salary	480,000	480,000
(6) Details of Raw Material Consumption Qty. (Metres) Rupees		
(a) Raw Material Consumed	707,865 46,196,102	1,254,262 58,480,487
(b) Imported & Indigeneous		
Raw Material Consumption-Fabric Imported	---	NIL
Indigeneous	100.00% 46,196,102	100.00% 5,84,80,487

Note: Packing material and Tailoring material do not exceed 10 % of Turnover

(7) Details of Licenced & Installed Capacity, Production Stocks & Turnover
Class of Goods

(1) Garments (Knited & Woven)

(i) Licensed Capacity	N.A.	N.A.
(ii) Installed Capacity	N.A.	N.A.
(iii) Production/ Purchase	565,103	814,913
(iv) Stock at Commencement	170,312 8,116,620	170,312 8,116,620
(v) Stock at Closure	149,788 6,819,873	170,312 8,116,620
(vi) Turnover	585,627 82,847,917	814,913 94,341,732

(8) Related Party Disclosure

Name of the Party	September Fashion	Ceenik Fashions	Narain Hingorani	Kavita Hingorani	Nikita Properties & Estates Pvt. Ltd.	Viking Advance Tech. Pvt. Ltd.	Caenik Enterprise Ltd.	International Export Corporation
Relationship	Proprietor is Employee, Promoter Shareholder wife of Managing Director	Proprietor is Managing Director	Promoter Shareholder, Managing Director	Promoter Shareholder	Associate Company	Associate Company	Associate Company	Proprietor is Shareholder/Promoter of the Company.
Nature	a) Loan Taken	Loan Taken	Remuneration	Salary Paid	Loan Taken	Share Application Money Given	Loan Taken	Loan Taken
	b) Loan Repaid	Loan Repaid		Bonus Paid	Loan Repaid	Refund of -do-	Loan Repaid	Loan Repaid
	c) Interest Paid	Interest Paid		leave Encashment	Interest Paid	Labour Charges Paid	Interest Paid	Interest Paid
Amount (Volume)a)	4,322,700	21,400,000	480,000	90,120	7,290,000	2,016,000	303,033	4,890,000
b)	4,280,000	21,380,000		3,128	7,290,000	2,402,500	303,033	2,723,000
c)	88,230	479,261		5,237	419,263	65,23,159	NIL	94,628
Outstanding (Loan Amount)	121,842	4,49,847	NA	NA	332,895	1,238,871	NIL	2,353,017
Maximum Outstanding	a) align="right">1,573,008	11,910,280	-	NA	14,785,000	NA	303,033	2,525,000
b)						NA		
c)						NA		
Amount written off	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note: Only current year transactions are disclosed.

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(9) Deferred Tax

Deferred tax is recognised subject to the condition prudence in respect of deferred tax assets on timing differences being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent period. The classification of Deferred Tax Expense.

a) Under the head Business Income : Rs 8,75,016/-

(10) Segment Information for the year ended 31.03.2008

The Company is exclusively in the business of exports of Garments.

Segment Disclosure

		(Rs. In lacs)	
		Garment/Textile	Realty & Investments
Sales Revenue	–	Current Year	909.67
	–	Previous Year	202.15
Assets	–	Current Year	998.46
	–	Previous Year	87.54
Liabilities	–	Current Year	1429.57
	–	Previous Year	2202.47
Results	–	Current Year	1333.17
	–	Previous Year	1285.38
	–	Current Year	831.58
	–	Previous Year	1218.03
	–	Current Year	669.54
	–	Previous Year	427.52
	–	Current Year	93.49
	–	Previous Year	111.64
	–	Current Year	93.81
	–	Previous Year	77.73

- 11) Basic & diluted earning per share has been calculated by dividing net profit available for appropriations for the year by 33,50,000 Equity Shares of Nominal Value of Rs. 10/- each.
- 12) Unpaid overdue amount due on 31.03.2008 to small scale and/or ancillary Industrial supplies on account of principal amount is NIL (Previous Year Rs. Nil). This disclosure is based on the information available with the Company regarding status of the suppliers as defined under the "Interest on delayed payments to Small Scale and Ancillary Industrial Undertakings Act, 1993."
- 13) Contingent Liabilities as on 31.03.2008
 - a) Liabilities in respect of bills discounted with Bank Rs. 2,17,50,000/- (Previous Year Rs. 1,66,13,000/-)
 - b) Claims against the Company not acknowledged as debt : Rs. Nil (Previous Year Rs. Nil)
 - c) Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. Nil (Previous Year Rs. Nil)
 - d) Guarantees and Counter guarantees issued by the company Rs. Nil (Previous Year Rs. Nil)
- 14) Computation of profit u/s 349 of the Companies Act, 1956 is not done since no commission is paid to the Managing Director.
- 15) Previous year figures have been regrouped wherever necessary.

As per our attached Report of even date

For Udayavar Dhanesh Kumar & Associates
Chartered Accountants

For and on behalf of the Board

Narain N. Hingorani
Chairman & Managing Director

Dhanesh Kumar Udayavar
Proprietor
Membership No. 102031

Prem L. Vachhani
Director

Place: Mumbai
Date: 30th June, 2008

Place: Mumbai
Date: 30th June, 2008

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Cash flow statement for the financial year 2007-2008

	2007-2008 <i>Rupees</i>	2006-2007 <i>Rupees</i>
I. Cash from Operations		
(a) Profit before Taxation	7,346,704	3,517,487
(b) Add / (Less): Adjustment		
Depreciation	1,005,157	1,081,643
Foreign Exchange Gain/Loss	3,665,759	2,692,633
Interest Income	(90,314)	(165,793)
Dividend Income	(8,185)	(19,500)
Profit/Loss on Sale of Investments & Properties	(402,656)	2,517,208
Provision for Fringe Benefit Tax	(60,000)	(85,000)
Prior Period Expenses	(186,154)	-
Excess Provision for Income Tax Written Back	-	1,988,790
Sundry Balances Written Back	17,049	<u>239,647</u>
	<u>11,287,360</u>	<u>11,767,115</u>
Less :Deferred Tax Expense	875,016	57,939
Less :Taxes paid	550,000	<u>390,000</u>
	<u>9,862,344</u>	<u>11,319,176</u>
(c) Increase/ (Decrease) in Current Assets		
(i) Inventories	(11,024,490)	1,295,691
(ii) Sundry Debtors	17,907,079	23,912,526
(iii) Other Current Assets, Loans and Advances	(17,693,015)	2,596,520
(iv) Deferred Tax Assets	<u>(857,016)</u>	<u>(57,939)</u>
	<u>(11,685,442)</u>	<u>27,746,798</u>
(Increase) / Decrease in Current Liabilities		
(i) Liabilities	(20,532,754)	10,095,091
(d) Increase in Miscellaneous Expenditure	-	<u>-</u>
	<u>(32,218,195)</u>	<u>37,841,888</u>
Net Cash from Operations	<u>(42,080,539)</u>	<u>(26,522,712)</u>
II. Investment Activities		
(i) (Purchase) / Sale of Investment	(111,223,518)	9,875,430
(ii) Interest & Dividend recd.	98,499	185,293
(iii) Profit (Loss) on Sale of Properties & Investment	402,656	(2,517,208)
(iv) Purchase/Sale of Fixed Assets	<u>(567,254)</u>	<u>2,299,048</u>
Net Cash from Investment Activities	<u>(111,289,617)</u>	<u>9,842,563</u>
Carried Forward	<u>(69,209,078)</u>	<u>(16,680,148)</u>
III. Financing Activities		
(i) Increase/ (Decrease) in Loans	73,651,816	15,933,800
Net Cash from Financing Activities	<u>73,651,816</u>	<u>15,933,800</u>
IV. Effects of Exchange Differences on Foreign Exchange translation on cash & cash equivalent	3,665,759	2,692,633
Net Change in Cash & Cash Equivalents	<u><u>776,979</u></u>	<u><u>(3,438,982)</u></u>
NET CASH AND CASH EQUIVALENTS AS ON 01.04.2007	653,113	4,092,095
NET CASH AND CASH EQUIVALENTS AS ON 31.03.2008	<u>1,430,092</u>	<u>653,113</u>
	<u><u>(776,979)</u></u>	<u><u>3,438,982</u></u>

Previous year's figures have been regrouped to confirm to the current year's presentation.

Place : Mumbai
Date : 30.06.08

For and on behalf of the Board
Narain N. Hingorani,
Chairman & Managing Director

AUDITOR'S CERTIFICATE

We have verified the above Cash Flow statement with the books and records maintained by **CEENIK EXPORTS (INDIA) LTD.** The Statement has been prepared in accordance with the requirements of Clause 32 of the listing agreement with the Mumbai Stock Exchange and is based on and in agreement with the corresponding Profit & Loss Account and the Balance Sheet of the Company covered by our Report of 30th June, 2008 to the Members of the Company.

For Udayavar Dhanesh Kumar & Associates
Chartered Accountants
Dhanesh Kumar Udayavar
Proprietor
Membership No. 102031

Place : Mumbai
Date : 30th June, 2008

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Balance Sheet Abstract and Company's General Business Profile (Part IV)

I. Registration Details

Registration No.	85,007
State Code.	11
Balance Sheet Date	31.03.2008

II. Capital Raised during the year ended 31st March, 2008

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
Others	Nil

III. Position of Mobilisation and Deployment of funds as at 31st March, 2008

Rupees

Total Liabilities	326,995,689
Total Assets	326,995,689

Sources of funds

Paid up Capital	33,500,000
Reserves & Surplus	125,125,039
Secured Loans	165,112,999
Unsecured Loans	3,257,651
	<u>326,995,689</u>

Application of Funds

Net Fixed Assets	9,516,488
Investments	212,348,636
Net Current Assets	105,130,565
	<u>326,995,689</u>

IV. Performance of the Company for year Ended 31st March, 2007

(i) Turnover (Sale of products and other income)	111,166,070
(ii) Total Expenditure	103,819,366
(iii) Profit before Tax	73,46,704
(iv) Profit after Tax and Extraordinary Item	5,692,583
(v) Earning per Share	1.70
(vi) Dividend Rate%	---

V. Products of the Company

Item Code No.(ITC Code)	071
Product Description	Readymade Garments

Notes :

(1) The above particulars should be read alongwith the Balance Sheet as at 31st March, 2008 the Profit & Loss Account for the year on that date and the Schedules forming part thereof.

As per our attached Report of even date

For Udayavar Dhanesh Kumar & Associates
Chartered Accountants

Dhanesh Kumar Udayavar
Proprietor

Place : Mumbai
Date : 30.06.2008

For and on behalf of the Board

Narain N. Hingorani
Chairman & Managing Director

Prem L Vachhani
Director

Place : Mumbai
Date : 30.06.2008

CEENIK EXPORTS (INDIA) LIMITED

Registered Office : 129/A-1, Shah and Nahar Indl. Estate, Lower Parel (W), Mumbai - 400 013.

PROXY FORM

I/We _____
of _____
in the district of _____ being a member / members
of the above named Company, hereby appoint _____
of _____ in the
district of _____ or failing him / her
_____ of _____
_____ in the district of _____

as my/our Proxy to vote me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held on Tuesday 30th September, 2008 at 11 a.m. 225/A-1, Shah and Nahar Indl. Estate, Lower Parel (W), Mumbai - 400 013.

Signed this _____ day of _____ 2008

Membership Folio No. _____

No. of Shares held _____

Witness _____

1.00 Rupee
Revenue
Stamp

Note :

- Revenue stamp of 1.00 rupee is to be affixed on this form.
- The form should be signed across the stamp as per specimen signature registered with the Company.
- The Companies Act, 1956 lays down that an instrument appointing a Proxy shall be deposited at the Registered Office of the Company not less than Forty-Eight Hours before the time fixed for the meeting.
- A Proxy need not be the member.

CEENIK EXPORTS (INDIA) LIMITED

Registered Office : 129/A-1, Shah and Nahar Indl. Estate, Lower Parel (W), Mumbai - 400 013.

ATTENDANCE SLIP

To be handled over at the entrance of meeting Hall

FOURTEENTH ANNUAL GENERAL MEETING of the Shareholders held 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.

Name of the Shareholder _____
(in Block Letter)

Membership Folio No. _____

No. of Equity Shares held _____
(in Block Letter)

Name of the Proxy (if you are attending as a proxy) _____

Signature of the shareholder / Proxy _____

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Unit : CEENIK EXPORTS (INDIA) LIMITED

21, SHAKIL NIWAS, MAHAKALI CAVES ROAD,

ANDHERI (E), MUMBAI - 400 093.