



## RAJESH EXPORTS LIMITED

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### Board of Directors

SHRI RAJESH MEHTA	<i>Executive Chairman</i>
SHRI PRASHANT MEHTA	<i>Managing Director</i>
SHRI P. SHIVASHANKAR	<i>Director</i>
SHRI G. SHANKAR PRASAD	<i>Director</i>
SHRI VENU MADHAV REDDY	<i>Director</i>

### Auditors

M/S. P.K. RUNGTA & CO.  
Chartered Accountants  
Bangalore.

### Bankers

Canara Bank  
State Bank of India  
HSBC  
UCO Bank

### Regd. Office

No.4, Batavia Chambers  
Kumara Krupa Road  
Kumara Park East  
Bangalore - 560 001.

### Share Transfer Agents

M/s. S.K.D.C. CONSULTANTS LIMITED  
11, Street No.1, S.N. Layout  
Tatabad, Coimbatore - 641 012  
Telephone : 0422 - 499856 / 494704 / 495962  
Fax : 0422 - 499574



## NOTICE

NOTICE is hereby given that the 8th Annual General Meeting of the members of **RAJESH EXPORTS LIMITED** will be held at **Mini Hall, Hotel Woodlands, No.5, Raja Ram Mohan Roy Road, BANGALORE** on **25th September 2002 at 11.30 A.M.** to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the Year ended 31st March 2002 and the Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Prashant Mehta who retires by rotation and being eligible offers himself for re-election.
4. To appoint Auditors and to fix their remuneration.

By order of the Board  
for **RAJESH EXPORTS LIMITED**

**PRASHANT MEHTA**  
Managing Director

Place : Bangalore  
Date : 13th August 2002

Registered Office :  
No.4, Batavia Chambers  
Kumara Krupa Road  
BANGALORE - 560 001

### NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy instead of himself and the proxy need not be a member.
2. Proxies in order to be effective must be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 19th September 2002 to 25th September 2002 (both days inclusive).
4. It is suggested for the convenience of the Members that they inform the Company about their Bank Account Numbers, Name of Bank (also address of the Bank if they desire that the Warrant be mailed to the Bank directly) to enable printing of these particulars on the Dividend Warrant as a measure of abundant caution to minimise loss due to warrants falling into improper hands through forgery and fraud.
5. Members seeking any information with regard to Accounts are requested to write to the Company early so as to enable the Management to keep information ready.
6. Members / Proxies should bring the Attendance Slip sent herewith duly filled for attending the Meeting.
7. Members are requested to address their correspondence, including Share Transfer matters and Change of Address to :

**SKDC CONSULTANTS LTD**  
No.11, Street No.1  
S.N.Layout  
Tatabad (West Power House Road)  
Coimbatore - 641 012.  
Phone : (0422) 499856, 494704

## RAJESH EXPORTS LIMITED

### DIRECTORS' REPORT

Your Directors have pleasure in presenting their 8th Annual Report on the business and operations of the Company for the year ended 31st March 2002.

#### FINANCIAL RESULTS

	(Rs. in Lakhs)	(Rs. in Lakhs)
	For the Year ending 31.03.2002	For the Year ending 31.03.2001
Profit before depreciation	1201.50	848.36
Less : Depreciation	59.97	14.87
Profit after depreciation	1141.53	833.49
Less : Provision for Taxation	8.05	3.58
Deferred taxation for the year	37.35	—
Profit after Taxation	1096.13	829.91
Profit on distribution of assets on voluntary winding up of Rajesh Jewels Pvt. Ltd.	2.66	—
Add : Balance as per last account	342.79	334.77
Profit available for appropriation	1441.58	1164.68
Less : Transferred To General Reserve	1000.00	800.00
Less : Dividend / Interim Dividend including Tax on Dividend	19.88	21.90
Balance Surplus Transferred to Balance Sheet	421.70	342.78

#### OPERATIONS

The Turnover of the Company has increased by about 62% as against the previous year. The net profit after deduction of depreciation and tax is Rs.10,96,13,087/-. The Company has transferred Rs.1000 Lakhs to General Reserves.

#### SUBSIDIARY COMPANY

The Company's subsidiary "Rajesh Jewels Pvt. Ltd" has since been liquidated. Since the liquidation is now complete, Rajesh Jewels Pvt. Ltd. is no longer a subsidiary of the company as on this date and hence statement under 212 of financial statements of the Company are not attached to this Annual Report.

#### DIVIDEND

Your Directors have recommended a Dividend of 10% for the year 2001-2002., to be paid to all the members whose names stand registered in the books of the Company on 19.09.2002 except to the subscribers to the Memorandum and Articles of the company as per para 6 of the Articles of Association of the Company, subject to the approval of the members at the ensuing Annual General Meeting.

#### STATUTORY PARTICULARS

##### (A) Particulars of Employees :

During the year under review there were no employees who were drawing a remuneration in excess of Rs.24 Lakhs per annum or Rs.2,00,000/- per month, if employed for a part of the year.

##### (B) Conservation of Energy :

Your Directors are proud to state that your Company is one among the lowest energy consuming units in the world compared with the turnover and employment generated.

**(C) Research, Development and Technology Absorption :**

Your Company has setup a State of the Art, Research and Development unit at the White Field Jewellery Park, which is one of the finest in the world and this research and development facility has been responsible in inventing some of the finest jewellery concepts and patterns which have been accepted and highly appreciated the world over.

**(D) Foreign Exchange Earnings and Outflow**

Foreign Exchange Earnings : Rs.122,58,54,660/-

Foreign Exchange Outflow : Rs. 69,79,27,068/-

**CORPORATE GOVERNANCE**

The report of the directors on Corporate Governance is included as an annexure to this report.

**DIRECTORS**

Sri Prashant Mehta, Director of your Company retires by rotation and being eligible offers himself for re-appointment.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors responsibility statement, it is hereby confirmed :

- 1) That for the preparation of the Annual Accounts for the Financial Year ended 31.03.2002, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 2) 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 of the Company for that period;
- 3) 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 and detecting fraud and other irregularities;
- 4) That the Directors have prepared the accounts for the financial year ended 31.03.2002 on the "Going Concern" basis.

**AUDITORS**

M/s. P.K. Rungta and Company, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

**LISTING**

The Shares of the Company continue to be listed at National Stock Exchange, The Bombay Stock Exchange and Bangalore Stock Exchange. Annual listing fees to National Stock Exchange, Bombay Stock Exchange and Bangalore Stock Exchange have been paid.

**ACKNOWLEDGMENT**

Your Directors wish to place on record their sincere appreciation of the employees Co-operation, which has resulted in the continuing success of the Company. Your Directors place on record their gratitude to Canara Bank, State Bank of India, Hongkong and Shanghai Banking Corporation Limited and UCO Bank for their co-operation. Your Directors also thank the shareholders for their continuous support.

For and on behalf of the Board

Place : Bangalore  
Date : 28th June 2002

**PRASHANT MEHTA**  
Managing Director

## RAJESH EXPORTS LIMITED

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### MANAGEMENT DISCUSSIONS AND ANALYSIS

#### COMPANY BACKGROUND

Rajesh Exports Limited was established on 29.05.1990 as a partnership firm under the name and style of Rajesh Exports comprising of three partners Mr.Jasvanthrai Mehta, Mr. Rajesh Mehta and Mr. Prashant Mehta with an objective to manufacture and export gold jewellery. The firm was reconstituted as a joint stock company on 25.01.1995 and was registered as public limited company in the name and style of Rajesh Exports Limited under Part 9 of the Companies Act, 1956 on 01.02.1995 with the Registrar of Companies, Karnataka.

Rajesh Exports Limited went on to become the most successful jewellery exporting company in the country. Just after four years of inception REL had emerged as one of the largest exporter of gold jewellery from the country, a position which it holds till today. REL also went on to setup the worlds largest jewellery manufacturing facility at Whitefield, Bangalore in the year 2000 which has since then commenced commercial production. During this period the company has grown from a turnover of Rs.30 lacs to a turnover of Rs.269 crores for the current year and is the only government recognised trading house in the field of jewellery. The company has been consistently awarded by the central and state governments for its export performance. For the year also the company has emerged as the top exporter of jewellery from the country.

#### COMPANY MANAGEMENT

The board of directors heads the management of the Company with Mr. Rajesh Mehta as Chairman, Mr. Prashant Mehta as Managing Director and Mr. P. Shivashankar, Mr. Venu Madhav Reddy and Mr. Shankar Prasad as the Directors of the Company.

#### PRODUCTS AND SERVICES

The Company is engaged in the manufacture, export and wholesale of gold jewellery catering to most of the developed countries of the world and the four southern states of India. REL has setup a fully integrated world class gold jewellery manufacturing facility at Whitefield, which is equipped to produce finished gold jewellery from raw material. REL imports gold bullion from leading bullion banks and also purchases bullion from banks in India. REL converts bullion into gold jewellery by involving the finest artisans, sophisticated machinery, high class technology, systems and procedures. The gold jewellery produced is displayed in the display chambers which is visited by jewellers from across the world and jewellers from the southern states of India who select their required jewellery which is dispatched to them by air in case of export and self carriage in case of domestic sales as per the terms and conditions of the sale. REL also produces jewellery based on orders from its bulk customers.

#### BUSINESS OUTLOOK

Gold jewellery has a worldwide market. All the countries in the world have a market for gold jewellery which is divided into different caratages depending upon the choice of the population. The total global gold jewellery market is estimated at 75 billion dollars per annum. Italy, USA, Israel and Singapore are the major players in the gold jewellery market. Indian jewellery is most sought after for its unique workmanship and designs. India has the potential to emerge as a leading player in the global gold jewellery market due to its heritage, quality and economical labour in the manufacture of gold jewellery. Currently Indian export market share in the global jewellery market is less than 1% with a very high growth potential for the future.

India is the largest consumer of gold jewellery in the world. The total Indian gold jewellery market is estimated at 10 billion dollars per annum, and is growing at a rate of about 15% per annum Indian gold jewellery market is predominantly for 22 cts jewellery. Most of the Indian gold jewellery trade is carried on in the unorganised sector without strict adherence to quality and finishing. Organised trading and quality awareness has started in the Indian markets and the change is taking place due to the changing environment of Indian living and Indian economy.

#### SWOT ANALYSIS

##### STRENGTHS :

1. Existing profit making Company since inception.
2. Managed by promoters experienced for several decades in the industry.
3. Fundamental background in the field of gold and gold jewellery.
4. Possess strong experience and strength in the field of manufacture of gold jewellery, presently supplemented by



establishment of world's largest gold manufacturing facility at Whitefield, Bangalore.

5. Backed by experienced and committed team and experts and administrators having rich experience in the field of gold jewellery.
6. Single largest player in 21 and 22 carat gold jewellery from India.
7. Backed by highly trained and experienced team of designers, technocrats and artisans capable of providing innovative and attractive designs.
8. Backed by latest technology and process both in production and supply chain management system.
9. Strict quality control systems and procedures in place.
10. Broad experience in export, wholesale and retail of gold jewellery in international and domestic market.
11. Honoured with awards for highest exports and quality product by central government, state government and several other institutions.

## RISKS

### 1. MARKET RISK :

Fluctuation in Dollar-Rupee or gold price might have affected the companies bottom line but since there is a natural and automatic hedge between gold vis a vis Dollar, this threat is nullified.

### 2. CREDIT RISK :

Business of REL involves extending credit to international customers. This has the inherent risk of turning bad.

The Company's credit policy addresses this risk. It ensures that a credit analysis of the client is carried out before determining the amount and period of credit to be extended.

### 3. HUMAN RESOURCES RELATED RISK :

Effective and resourceful utilisation of human resources is the secret behind the success of any organisation. Rajesh Exports Limited strongly believes in this and has formulated H.R. Policies and practices which ensure optimum use of human resources by training, motivation and performance related incentives. This has created a feeling of oneness among all the staff which will guard against the employee turnover to a minimum.

### 1. GEOGRAPHICAL SPREAD :

The expansion of international operations requires an efficient integration across the globe. Adaptability to the new work culture and improvement in the operational, financial and internal controls are some of the areas that need to be addressed. Also, the Company should have the ability to cope up with multiple demands, multiple competencies and multiple cultures, failing which, it is bound to incur losses.

The Company has gained adequate experience over the years in handling the problems arising out of the operations in different countries and this experience will help in laying down process to meet challenges arising out of operating in near regions.

### 2. FORECASTING MODEL :

Business organisations operate in an environment that is constantly changing. Some changes are quite unpredictable but when some kind of prediction or forecast can be made decisions can be taken based on the future conditions. Hence a very robust forecasting model, which captures the uncertainty in the business is highly critical for the success of every organisation.

The Company is working on methods to improve the forecasting model to ramp up to the demand, at a lower cost.

### 3. MANAGEMENT INFORMATION SYSTEM :

The Company has invested in an improved MIS system that will enable it to

1. Maintain a tight control over the financial transactions
  2. To better its capabilities in estimating the demands for the services
- This is expected to result in improved decision support system.

### 4. CLIENT CONCENTRATION :

The Company has well experienced marketing team in place both for global and Indian markets. The Company has developed extensive global marketing network through leading wholesalers in respective countries with which the



## RAJESH EXPORTS LIMITED

Company has exclusive marketing arrangements to ensure continuous and growing business. The Company exports its jewellery to USA, UK, UAE, Kuwait, Muscat, Singapore etc., The Company has exclusive tieups with the leading wholesale traders in these countries. These are basically wholesalers who in turn supply to jewellers and semi-wholesalers in their region.

The Company has developed extensive marketing network in domestic market too. There are over 50 marketing personnel of different cadre who cover the entire southern India, comprising of all the four states. The Company's product has been widely accepted and is in great demand in these states.

The Company foresees great potential for its products in these areas as these areas constitute the largest gold consuming areas of the world and account for about 50% of total jewellery trade in the country.

### SOCIAL RESPONSIBILITY :

The Company has taken steps towards fulfilling responsibility towards the society as an investment for better future by giving technical training to the socially and economically backward classes in the manufacturing of gold jewellery and by providing employment to deserving candidates.

### INTERNAL AUDIT SYSTEM :

The Company has an internal audit system to ensure compliance with the laid down systems.

### I. ANALYSIS OF THE FINANCIAL PERFORMANCE :

#### 1. KEY FINANCIAL INDICATORS

	2001-2002	2000-2001
Return on Networth	13.72%	11.95%
PAT by Sales	4.06%	4.96%
Fixed Assets Turnover (Times)	8.55	5.19

#### 2. REVENUES

The business operations for the year 2001-2002 resulted in REL achieving the total revenue of Rs.2739337651/-. The operating revenue for the year (revenue Less other income) is Rs.2696077561/-, an increase of 62% over the previous year's operating revenue.

	in Rs.	
YEAR	2001-2002	2000-2001
Operating Revenue	2696077561	1671694424
Other Income	43260090	22536017
Total Revenue	2739337651	1694230441

#### 3. OPERATING INCOME

Operating Profit (excluding other income) for 2001-2002 is Rs. 70892867/-, a 16.57% increase over the previous year of Rs.60813549.

#### 4. COST OF REVENUE :

Cost of goods sold for 2001-2002 is Rs. 2494600375 as compared to Rs.1564213623 in the previous year.

#### 5. PROVISION FOR TAXATION :

The tax for 2001-2002 is Rs.4539870/- as compared to Rs.357753/- during the previous year. This increase is mainly on account of provision for deferred taxation.

#### 6. DEBT

REL has availed a Term loan of Rs.292187000 from UCO Bank and Canara Bank, Working capital of Rs.491879760/- against hypothecation of stocks, book debts and mortgage of land and building from UCO Bank, Canara Bank, HSBC and State Bank of India and Rs.88236608/- against pledge of fixed deposits from HSBC, State Bank of India and Canara Bank.

**7. FIXED ASSETS**

The capex for 2001-2002 is Rs. 12752546/-, During the year, the Company has gone in for significant infrastructure expansion to expand activity within and outside India.

**8. CURRENT ASSETS, LOANS AND ADVANCES :**

Receivable :

	In Rs.	
	31/03/2002	31/03/2001
Sundry Debtors		
Debts outstanding for more than six months		
Unsecured considered good	105984365	10198106
Unsecured considered doubtful	-	-
Other debts		
Unsecured considered good	546421369	498812038
<b>SUB-TOTAL</b>	<b>652405734</b>	<b>509010144</b>
Less : Provision for Doubtful Debts	-	-
<b>TOTAL</b>	<b>652405734</b>	<b>509010144</b>

The receivables outstanding as on 31/03/2002 is Rs.652405734/-, as compared to Rs.509010144/-, during the previous year. All the debts due to the Company are good and therefore the Company has not made any provision for doubtful debts. The receivable period for 2001-2002 is less than 90 days.

**9. LOANS AND ADVANCES :**

The loans and advances as on 31st March 2002 were Rs.9042799/-, as compared to Rs.14313255/-, in the previous year.

**10. CASH AND BANK BALANCES :**

REL continues to be a cash positive Company. As on March 31st 2002, the Company has Rs.354959722/-, as cash and bank balances.

**11. CURRENT LIABILITIES :**

The Current Liabilities as on 31/03/2002 are Rs.342250520/-, as compared to Rs.432072509/-, during the previous year.