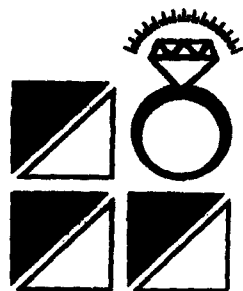


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ANNUAL REPORT

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RAJESH EXPORTS LIMITED



RAJESH EXPORTS LIMITED

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RAJESH EXPORTS LIMITED

Board of Directors

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

Auditors

M/S. P.K. RUNGTA & CO.
Chartered Accountants
Jyothi Complex
Infantry Road
Bangalore.

Company Secretary

SHRI P.S. VAIDYANATHAN

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.
Tel No. : 91-80-22266735
Fax : 91-80-22259503
E-mail : corpcomm@rajeshindia.com

Share Transfer Agents

M/s. S.K.D.C. CONSULTANTS LIMITED
P.B. No. 2979, 11, S N Layout,
Street No.1, (West Power House Road)
COIMBATORE - 641 012
Telephone : (0422) 5549995
Fax : (0422) 2499574
E-mail : info@skdcconsultants.com



NOTICE

NOTICE is hereby given that the 11th Annual General Meeting of the Members of **RAJESH EXPORTS LIMITED** will be held at **4.30 P.M. on Saturday the 13th August 2005 at The Mini Hall, Hotel Woodlands, No.5, Raja Rammohan Roy Road, BANGALORE** to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss account for the year ended 31st March 2005 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. P. Shiva Shankar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Prashant Mehta, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modification the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 94 of Companies Act 1956, and all other applicable provisions if any of the Companies Act 1956, and subject the approvals of any other authority/ies as may be necessary, the face value of company's equity shares of Rs.10 each be and is hereby split into a face value of Rs.2/Share.

"RESOLVED FURTHER that Mr.Rajesh Mehta, Chairman and Mr. Prashant Mehta, Managing Director be and are hereby authorized either jointly or severally to do all such acts, deeds or things as may be required in connection therewith.

"RESOLVED FURTHER that Clause VI of the Memorandum of Association of the company be and is hereby amended as follows :

- VI. The share capital of the Company is Rs.7,50,00,000/- (Rupees Seven Crores Fifty lakhs) divided into Three Crores Seventy Five Lakhs equity shares of Rs.2 (Rupees Two) each

Pursuant to the proposed change in the face value of the equity shares of the company from the existing Rs.10/- per share to Rs.2/- share, Consequential changes are required to be made in the Articles of Association of the company.

This resolution seeks to substitute the existing Clause VI of the Memorandum of association of the Company.

Your Directors may be deemed to concerned or interested in the resolution, to the extent of their share holding.

Explanatory statement under section 173(2) of the Companies Act, 1956 for Item No. 6

The Board of Directors at their meeting held on 21.06.2005 had recommended splitting of shares of the Company from the existing face value of Rs.10/share to Rs.2/share for the followign reasons.

1. To enable smaller investors to have more access to the shares of the company.
2. To increase the liquidity of the Company's stock in the stock markets.

As the stock split is in the long term interest of the share holders, your Directors command the resolution for adoption by Members.

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

RAJESH MEHTA
Chairman

Place : Bangalore
Date : 21-06-2005

RAJESH EXPORTS LIMITED

NOTES

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy so appointed need not be a member of the Company.
2. Proxies, in order to be effective, should 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 09.08.2005 to 13.08.2005 (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 and 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 in for attending the meeting.
7. Members are requested to address their correspondence, including share transfer matters and change of Address to :

SKDC CONSULTANTS LTD
 PB No. 2979, No.11, Street No.1
 S.N.Layout, Tatabad
 West Power House Road
 Coimbatore - 641 012.
 Phone : (0422) 5549995
 Fax : (0422) 2499574
 E-mail : info@skdcconsultants.com

Details of retiring Directors who offer themselves for reappointment.

1. Mr. Prashanth Mehta, aged around 42 years has a vast experience of over 20 years in the Jewellery Business. He is in charge of the day to day functioning of the company and Holds the specific charge of manufacturing process and Research and Development. The board considers it reappropriate for the appointment of Mr.Prashant Mehta.
2. Mr.P. Shiva Shankar, aged around 42 years is a tax planner and tax consultant by profession and advises the company on taxation matters. The board considers it appropriate for the reappointment of Mr.P. Shiva Shankar.



DIRECTORS' REPORT

Your Directors have pleasure in presenting their 11th Annual Report on the business and operations of the Company for the financial year ended 31st March 2005.

FINANCIAL RESULTS

	(Rs. in Lakhs)	(Rs. in Lakhs)
	For the Year ending 31.03.2005	For the Year ending 31.03.2004
Profit before depreciation	4443.64	2632.29
Less : Depreciation	135.13	134.58
Profit after depreciation	4308.51	2497.71
Less Provision for Taxation	—	0.43
Deferred taxation for the year		(233.92)
Profit after Taxation	4308.51	2731.20
Add : Balance as per last account	802.61	191.64
Profit available for appropriation	5111.11	2922.84
Less Transferred To General Reserve	3000.00	2000.00
Less Proposed dividend including tax on Dividend Including interim dividend and tax on interim dividend)	795.95	120.23
Balance Surplus Transferred to Balance Sheet	1314.87	802.62

OPERATIONS

Your Directors are pleased to report that your Company's total income during the period under review stood at a record all-time high of Rs. 4247.13 Crores compared to that of Rs.3052.53 Crores during the previous year. As a result, the net profit for the year under review, after provision for depreciation and Income tax, was Rs.43.08 Crores which is 58% higher than that of previous year. The Company has transferred an amount of Rs.30 Crores to General Reserve. As a result, the total general reserve of the Company has moved up to 141.15 Crores.

DIVIDEND

Keeping in view the phenomenal growth of the Company, your Directors have recommended a total dividend of 100%, which includes 35% interim dividend which is already paid to the share holders and 65% as final dividend, which will be paid to the shareholders, subject to their approval at the Annual General Meeting.

Company's (Disclosure of particulars in the report of Board of Directors) Rules, 1988

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 Company is making all efforts in conservation of energy, such as recycling of domestic wastes and generation of bio gas, which is useful for cooking purpose. The Company is in the process of installing a water recycling plant, at its manufacturing unit.

C) Research Development and Technology Absorption,

Your Company has set up an in house research and development facility which utilises indigenous technology and man power for developing internationally acclaimed jewellery designs and jewellery manufacturing techniques. This facility has enabled the Company in increased export orders, which are diverse in design and purity specifications.

RAJESH EXPORTS LIMITED

CORPORATE GOVERNANCE

The Report of the Directors on Corporate Governance is furnished separately and appended as an Annexure to this report.

DIRECTORS

MR Siva Shankar and Mr. Prashant Mehta, Directors of your Company, retire by rotation and being eligible, offer themselves 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 compilation of the Annual Accounts for the Financial Year ended 31.03.2005, 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 the affairs of the Company at the end of the financial year under review 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 compiled the accounts for the financial year ended 31.03.2005 on a "Going Concern" basis,

AUDITORS

M/S P.K. Rungta & Company, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for reappointment.

LISTING

The Shares of the Company continue to be listed at the National Stock Exchange of India Ltd., Mumbai and The Stock Exchange, Mumbai. The annual listing fees for National Stock Exchange of India Ltd and Bombay Stock Exchange have been paid

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation towards employee Co-operation, which has resulted in the overwhelming success of the Company during the year under report. Your Directors place on record their gratitude to Canara Bank, State Bank of India, HSBC and UCO Bank. Your Directors also thank the shareholders for their continued patronage and support.

For and on behalf of the Board

Place : Bangalore
Date : 16.05.2005

RAJESH MEHTA
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Rajesh Exports Ltd. (REL) artfully combines young and experienced to outline dynamic plans for the future development of the Company. It aims to consolidate its status as a leading gold jewellery manufacturer by increasing its global and domestic market share and by achieving the maximum potential in jewellery trade.

Currently REL sources raw material in raw and refined form from leading gold refineries of the world. The raw material is converted into world class gold jewellery at the Companies manufacturing facility. REL is currently focussing on Plain gold Jewellery and Designer gold jewellery. This finished product is exported to leading wholesalers across the world and supplied to most of the leading jewellers in the domestic market. To achieve its growth objectives, REL has prepared business strategies for the future which would ensure the Company a major share of global jewellery business.

A) Export :

Unquestionably, REL is the largest exporter of gold jewellery in the Country. Apart from increasing its share of business with the existing wholesalers in different parts of the world, REL is concurrently working towards collaborating strategic alliances with leading retail names in Europe and USA for marketing of its products.

B) Branded Jewellery :

REL has set up a separate division in its manufacturing facility to create and produce exceptional and distinctive quality branded jewellery. The distribution of branded gold jewellery will take place through leading retailers in the domestic market and established retailers in the international market. The Company has already received sizable export orders for the export of branded gold jewellery.

C) Diamond Jewellery :

REL has completed plans to launch a vast range of branded diamond studded jewellery of international quality in order to establish world class excellence in the domestic market through leading retailers. REL would also market its branded diamond jewellery through the leading retail names in the international market. The designing and the manufacture of diamond studded jewellery range have already commenced.

D) Retailing :

REL plans to enter into the domestic retail market by opening 100 retail outlets in the four states of South India. REL is planning to invest a sum of Rs.350 crores for this domestic retail business, which will be materialised in the second half of the next financial year. The retail stores would be a unique experience for retail customers in terms of services of international standards and a range of finest quality jewellery that money can buy at affordable prices.

RAJESH EXPORTS LIMITED

MANAGEMENT:

The following is the composition of the Board of Directors of the Company as on 31.03.2005.

Sl.No.	Name	Designation	Profession
01.	Mr.Rajesh Mehta	Executive Chairman	Rich and varied experience of over two decades in functioning and management of jewellery trade.
02.	Mr.Prashanth Mehta	Managing Director	Over 20 years of rich and diverse experience in jewellery production, and marketing.
03.	Mr. P. Shiva Shankar	Director	Leading Tax Consultant
04.	Mr.Venu Madhava Reddy	Director	Has an experience of over 10 years in management and administration.
05	Mr.G.Shanker Prasad	Director	Well known practising Company Secretary. He is also a Cost Accountant

The Board of Directors are efficiently supported in the day to day functioning by a team of qualified professionals with considerable experience in their respective fields.

Human Resources :

REL has developed a network of employees who are highly experienced in the jewellery industry. Effectively supervised by senior executives, the Company has a well developed hierarchy in place to manage its affairs and to accomplish key pre-planned growth prospects. A human resource policy that has been well planned ensures maximum benefits for those recruited at REL. The Company has jewellery designers, artisans, technicians, administrative and accounting personnel that are one of the best in the industry and provides them with good working conditions.

Infrastructure :

In terms of innovations in the field of technology, REL has setup infrastructure which is comparable to the best in the world. The Company has constructed one of the most technically advanced jewellery manufacturing facilities in the world which has an installed annual production capacity to process 250 tons of world class gold jewellery. The advanced equipment at the plant produces cost-effective solutions which has yielded some of the best jewellery solutions in the world. Teams of skilled and trained work force crafts some of the finest hand made jewellery available in the world. Combining forethought and enhancement, the Company has provided spacious residential facilities to the artisans, and their families, to live in comfort at the jewellery park itself. The artisan families are provided with the best of recreational and healthcare facilities at the jewellery park.

Marketing :

REL Ltd has a strong global network which is inter linked and operates effortlessly, with presence in the USA, Europe, Middle East and Singapore. The company have partnered strategic and successful alliances with leading jewellery wholesalers in these regions for the distribution of high quality gold jewellery. The Company also has a wide spread domestic marketing network across the four southern states of India.

ANALYSIS OF THE FINANCIAL PERFORMANCE :

a) KEY FINANCIAL INDICATORS

	2004-2005	2003-2004
Return on Networth	29.08%	24.18%
PAT by Sales	1.06%	0.91%
Fixed Assets Turnover (Times)	84.07	84.06
Sales / Total Assets Ratio	4.85	6.29

**b) REVENUES**

The business operations of Rajesh Exports Limited for the year 2004-05 resulted in the company achieving a revenue of Rs. 4247.12 Crores as against Rs.3052.53 Crores during the previous year. The operating revenue for the year (Revenue less other Income) is Rs.4246.81 Crores.

YEAR	2004-2005 Rs. in Crores	2003-2004 Rs. in Crores
Operating Revenue	4246.81	3050.15
Other Income	0.32	2.38
Total Revenue	4247.13	3052.53

c) OPERATING INCOME:

Operating income (excluding other income) for 2004.2005 is Rs.4246.81 Crores

d) COST OF REVENUE :

Cost of goods sold for 2004-05 is Rs. 4047.39 Crores as compared to Rs.3006.49 Crores in the previous year.

e) PROVISION FOR TAXATION :

The provision for taxation for 2004-2005 is Nil as compared to Rs 2.33 Crores during the previous year.

f) DEBT:

The company as at 31st March, 2005 has the following term loan and working capital facilities outstanding with the consortium member banks.

Term Loan :	Rs in Crores
a) Canara Bank / UCO Bank	11.81
Working Capital :	
a) Canara Bank, SBI , HSBC and UCO Bank	114.08
Total	125.89

Notes : Apart from the above credit facilities, the company has also availed overdraft facility against its own deposits for meeting short term working capital requirements.

g) FIXED ASSETS:

The capital expenditure for 2004-2005 is Rs.1413.56 Lacs . During the year REL has added fixed assets, keeping in view of the proposals for expansion of the operations of the Company.

h) CURRENT ASSETS, LOANS AND ADVANCES :

Receivable :

Sundry Debtors (Unsecured, Considered good)	31.03.2005 Rs. in Crores	31.03.2004 Rs. in Crores
Debts outstanding for more than 6 months	9.23	8.07
Debts outstanding for less than 6 months	101.27	194.02
Provision for Doubtful Debts	-	-
TOTAL	110.50	202.09