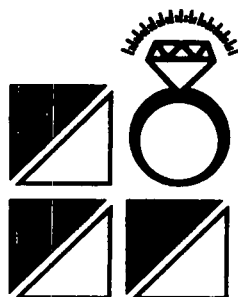


14th

ANNUAL REPORT

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RAJESH EXPORTS LIMITED

RAJESH EXPORTS LIMITED

Board of Directors

SHRI. RAJESH MEHTA	<i>Executive Chairman.</i>
SHRI. PRASHANT MEHTA	<i>Managing Director.</i>
SHRI.P.SHIVASHANKER	<i>Director.</i>
SHRI.Y.VENU MADHAVA 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.

Bankers

Canara Bank
Indian Bank
HSBC
UCO Bank

Regd.Office

#4, Batavia Chambers,
Kumara Krupa Road,
Kumara Park East,
Bangalore – 560 001.
Tel: 91-80-22266735
Fax: 91-80-22259503

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.
Phone: 0422 – 6549995; 2499803
Fax: 0422 2499574.
Email: info@skdc-consultants.com

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NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Members of **RAJESH EXPORTS LTD** will be held at 10.15 A.M on 16th September 2008 at the Mini Hall, Hotel Woodlands, #5, Raja Ram Mohan Roy Road, to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the profit and loss account for the year ended 31st March 2008 and the balance Sheet as at that date together with the reports of the 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-appointment..
4. To appoint auditors and fix their remuneration.

By the Order of the Board
S/d

Place: Bangalore
Date: 29.07.2008

RAJESH MEHTA
Chairman

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 12-09-2008 to 16-09-2008 (both days inclusive.) notice of which will appear in the News Paper on 05-09-2008.
4. It is suggested for the convenience of the Members that they inform the Company about their Bank account Number, Name of the 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 warrants, as a measure of abundant caution to minimize loss due to warrants falling into improper hands through forgery or fraud.
5. Members seeking any information with regard to the accounts are requested to write to the Company early, so as to enable the Management to keep the 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:

S.K.D.C. Consultants Limited, P.B. No. 2979, 11, S. N. Layout, Street No.1, (West Power House Road), Coimbatore - 641 012., Phone : 0422 - 6549995; 2499803 Fax : 0422 2499574. E-mail: info@skdc-consultants.com

Details of director seeking re-appointment at the forthcoming Annual General Meeting of the company (Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange).

Name of the Director	Mr. Prashant Mehta
Age	45 years
Qualification	B.Com.,
Expertise	Experience of more than two decades in the jewellery industry
List of other companies in which he is holding directorship as on 31.03.2008	Rajesh Global Solutions Limited, Astalakshmi Marketing Pvt. Ltd.
Chairmanship / Membership of Committees of other companies on which he is director as on 31.03.2008	Chairmanship - NIL Member of the Audit & Compliance Committee of Rajesh Global Solutions Ltd.
Shareholding as on 31.03.2008	14.81% in Rajesh Exports Ltd.

RAJESH EXPORTS LIMITED

DIRECTORS' REPORT

Your Directors have great pleasure in presenting their 14th annual report on the business and operations of the Company, for the financial year ended 31st March 2008.

FINANCIAL RESULTS

	(Rs. in Crores)	(Rs. in Crores)
	For the year ended 31.03.2008	For the year ended 31.03.2007
Profit Before Depreciation	233.75	105.70
Less : Depreciation	1.63	1.46
Profit after depreciation	232.12	104.24
Less : Provision for taxation	25.56	2.96
Deferred taxation for the year		
Profit after taxation	206.56	101.28
Add : Balance as per last account	28.90	11.26
Profit available for appropriation	235.46	112.55
Less : Transfer to general reserves	150.00	75.00
Less : Proposed dividend including tax on Dividend	10.26	8.64
Balance surplus transferred to Balance Sheet	75.20	28.90

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.8667.09 crores compared to that of Rs.6893.39 crores during the previous year. As a result, the net profit for the year under review, after provision for depreciation and income tax was 206.56 crores which is 103.94% higher than that of the previous year. The Company has transferred an amount of Rs.150.00 crores to the general reserves. As a result, the total reserve of the Company has moved up to Rs. 763.86 crores.

DIVIDEND

Keeping in view the profitability of the Company, your Directors have recommended a dividend of 35 %.

DIRECTORS

Mr. Prashant Mehta, Director of your Company, retires by rotation; and being eligible offers himself for reappointment.

AUDITORS

M/s. P.K Rungta & Co, Chartered Accounts, retire at the ensuing Annual General Meeting and are eligible for reappointment. They have confirmed that their reappointment as auditors of the Company, if made, would be in accordance with the limits specified under section 224 (1B) of the Companies Act, 1956.

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 31.03.2008, the applicable accounting standards have been followed along with proper explanation relating to the material departures.



2. That the Directors have selected such accounting policies and applied them consistently and made judgments 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 under review and of the profit of the Company for that period.
3. 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 and detecting fraud and other irregularities.
4. That the Directors have compiled the accounts for the financial year ended 31.03.2008 on a "going concern" basis.

LISTING

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

COMPANY'S DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS RULES, 1988

A) RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

Your Company has the largest and one of the finest R&D units in the jewellery industry. The research and development team of the Company comprises of some of the finest designers, metallurgists, chemists and senior craftsmen. The Company has been instrumental in developing and introducing several widely acclaimed jewellery designs. The Company has also developed several new systems, procedures and techniques in jewellery manufacturing.

B) FOREIGN EXCHANGE EARNINGS

During the year the Company has reported foreign exchange earnings of Rs.80639.67 million (Previous year: Rs.63831.54). The foreign exchange outgo on account of import of raw materials amounted to Rs.82339.69 million (Previous year: Rs.64900.54 million).

C) PARTICULARS OF EMPLOYEES

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

ACKNOWLEDGEMENTS

Your directors wish to place on record their deep sense of appreciation of the staff, executives and workers of the company for their dedication and hard work, which has resulted in the overwhelming success of the year under report. Your directors thank all Shareholders, Bankers, Customers, Vendors, Service providers and Government & Statutory authorities for their continued support during the year.

For and on behalf of the Board

Place: Bangalore
Date: 18.06.2008

RAJESH MEHTA
Chairman

RAJESH EXPORTS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

The year 2007-08 has been a year of sustained growth for the economy with the GDP growth hovering around 9%. Our company too is on a sustained uptrend reporting a strong year for our company, a year of record revenue, profit, cash flow and earnings per share. The company introduced growth engines to move up the value chain, the strategy has paid off and the company has been able to increase the profitability. The company will be further strengthening its position in retail and other high margin business to further enhance the profitability in the coming years.

Since its inception, the Company is a profit making concern and a dividend paying company which has grown from a turnover of Rs.0.30 Crore to a turnover of Rs. 86,67.01 crores which has placed the company among the fastest growing companies in the country. The Company registered a 25.72% increase in its revenue for the year ended 31/3/2008, and its order book position at the end of the financial year was Rs. 1685 crores. With the total design portfolio at present comprising of more than 30,000 designs. The company is confident of emerging as a global power in the field of jewellery.

The company received prestigious award of being the largest exporter of jewellery from the GJEPC for the 13th consecutive year. The company has been ranked as the Second Fastest Growing Company in the Large Scale Sector. The status of a Nominated Agency for import of gold for domestic consumption was accorded to the Company last year, till recently only certain banks and very few Public Sector Units were accorded the status of Nominated Agency. In addition to several other awards the Jewellers Association, Bangalore, one of the oldest jewellery associations in the country, conferred the "Jeweller of the year" award to the Company for its outstanding contribution to the jewellery trade.

The company launched nine international diamond brands during the year, and the company also launched "SHUBH JEWELLERS" during the year. The company has plans to expand its diamond jewellery business, through the brands and also increase its presence in the retail sector through "LAABH JEWELLERS" and "SHUBH JEWELLERS".

MANGEMENT

The Board of Directors heads the management of the company, which also includes Whole Time Directors.

The following is the composition of the Board of Directors of the Company as on 31-03-2008 :

Sl. No	Name	Designation	Profession
01.	Mr. Rajesh Mehta	Executive Chairman	Experience of over two decades in functioning and management of jewellery trade.
02.	Mr. Prashant Mehta	Managing Director	Over two decades of experience in jewellery production and marketing.
03.	Mr. P. Shiva Shankar	Non-Executive & Independent Director	Leading Tax Consultant.
04.	Mr. Venu Madhava Reddy	Non-Executive & Independent Director	Has an experience of over 12 years in management and administration of the company.
05.	Mr. G. Shanker Prasad	Non-Executive & Independent Director	Well known practicing Company Secretary and Cost accountant.

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



HUMAN RESOURCES

Rajesh Exports realizes the importance of human resources which it considers next only to capital in the order of importance. The Company has a pool of highly qualified and experienced professionals, who have been instrumental in the success of the Company year after year. The Company has a HR policy which emphasizes the need for attaining organizational goals through individual growth and development. Staff audit and performance appraisal are the key areas of the company's HR policy.

DISCLAIMER

Statements made in the management discussion and analysis report include forward looking statements and may differ from the actual situation. Important factors that would make a difference to the company's operations include market factors, government regulations and policies, developments within and outside the country etc.

ANALYSIS OF FINICIAL PERFORMANCE

a) *Key financial indicators:*

	2007-2008	2006-2007
Return on Net Worth	26.18%	32.77%
PAT to sales	2.38%	1.46%
Fixed Assets Turnover (Times)	152.99	128.41
Sales/Total Assets (Times)	4.92	1.89

b) *Revenues:*

The business operations of Rajesh Exports Ltd for the year 2007-08 resulted in the Company achieving a total revenue of Rs.8667.09 Crores as against Rs.6893.39 Crores during the previous year. The operating revenue for the year (Revenue less other Income) has been Rs.8667.01 Crores.

	2007-2008	2006-2007
Operating revenue	8667.01	6893.36
Other Income	.08	.03
Total Revenue	8667.09	6893.39

c) *Operating Income:*

Operating income (excluding other income) for the 2007-2008 has been Rs.8667.01 Crores.

d) *Cost of Revenue:*

Cost of goods sold for 2007-08 has been Rs. 8089.72 crores as compared to Rs. 6542.54 Crores during the previous year.

e) *Provision for Taxation:*

The provision for taxation for 2007-08 has been Rs. 25.56 crores for the year 2007-08 as compared to Rs.2.96 Crores during the previous year.

RAJESH EXPORTS LIMITED

f) Debt:

The Company as at 31st March 2008 had the following term loan and working capital facilities outstanding with the consortium member Banks.

(Rs. in Crores)

Term Loan and Working Capital	204.72
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Note: Apart from the above credit facilities the Company has also availed overdraft facility against its own fixed deposits for meeting short term working capital requirements.

g) Fixed Assets:

The book value of fixed assets for the year ended 31/3/2008 after providing for depreciation was Rs.56.65 Crores.

h) Loans and Advances:

The loans and advances for the year ended 31st March 2008 were Rs.238.03 crores as compared to Rs.157.54 Crores during the previous Year.

i) Cash and Bank Balances:

REL continues to be a cash positive Company. As on 31st March 2008 the Company has Rs.5002.36 crores (net) as cash and bank balances.

j) Current Liabilities:

The current liabilities as on 31.03.2008 were Rs.4424.54 Crores.

ADDENDUM TO DIRECTORS REPORT

Reply to Auditors remarks made in Auditors Report pursuant to Sec.217 (3)

Para 1 of Annexure to Auditor's Report:

Steps are being taken to have individual identification marks wherever feasible.

Para 2 of Annexure to Auditor's Report:

The confirmations have since been obtained.

Para No .2(d) of Auditor's Report:

The company is following the practice of accounting for gratuity in cash.

ParaNo.2 (f) of Auditor's Report:

Provisional import and export prices are in accordance with RBI guidelines and in line with the general practice in the industry.

For and on behalf of the Board

Place: Bangalore

Date : 29.07.08

Chairman



REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Rajesh Exports Ltd. recognises the ideas and importance of governance and acknowledges its responsibilities towards all its share holders, employees, customers and regulatory authorities. The Company believes that a good corporate governance process aims to achieve a balance between the share holders' interest and corporate goals of the Company. It aims to attain the highest levels of transparency, accountability and integrity to all its share holders by implementing transparent corporate governance, thereby enhancing the value for the share holders and their Company.

Accountability improves decision-making and transparency helps to explain rationale behind decision-making and reinforces the shareholders' confidence in the company.

BOARD OF DIRECTORS

The composition of the Board of Directors of the Company is as follows:

Category	Names of Directors	Number of Directors	Composition %	No of Directorship's in other Companies	No. of Executive positions in other Companies	No. of Membership in committees of other companies
Promoter Executive Chairman	1. Mr. Rajesh Mehta	2	40%	1. Rajesh Global Solutions Limited	Nil	1. Share holders and investor grievance. Committee of Rajesh Global solutions Limited
Managing Director	2. Mr. Prashant Mehta			2. Astalakshmi Marketing Pvt. Ltd.	Nil	1. Audit and Compliance committee of Rajesh Global Solutions Ltd
Independent & non executive Director	1. Mr. P. Shiva Shankar	3	60%	1. Rajesh Global Solutions Limited	Nil	1. Audit Committee of Rajesh Global Solution Ltd.
	2. Mr.Venu Madhava Reddy			2. SDS Futura blocks Pvt. Ltd. 1. Rajesh Global Solutions Ltd	Nil	2. Investor Grievance committee of Rajesh Global Solution. 1. Audit Committee of Rajesh Global Solution Ltd. 2. Investor Grievance committee of Rajesh Global Solution.

RAJESH EXPORTS LIMITED

Category	Names of Directors	Number of Directors	Composition %	No of Directorship's in other Companies	No. of Chairmanships in other Companies	No. of Membership in committees of other companies
	3. Mr. G. Shanker Prasad			1. Gopichand Rohra and Associates Pvt. Ltd. 2. SME's Development Centre.	Nil	Nil

The Company has not entered into any transactions with its Directors or relatives which would effect the interest of the Company at large.

BOARD MEETINGS

During the year 2007-08, Twenty (20) board meetings were held on the following dates:

06.06.2007, 08.06.2007, 12.06.2007, 18.06.2007, 26.07.2007, 24.08.2007, 17.09.2007, 08.10.2007, 15.10.2007, 22.10.2007, 05.11.2007, 19.11.2007, 04.12.2007, 27.12.2007, 10.01.2008, 19.01.2008, 28.01.2008, 13.02.2008, 2 Nos on 14.02.2008.

The details of attendance of the Directors at Board Meetings and last Annual General Meeting is as follows.

Name of the Director	Attendance at the board meetings.	Last AGM
Mr. Rajesh Mehta <i>Executive Chairman</i>	19	Yes
Mr. Prashant Mehta <i>Managing Director</i>	20	Yes
Mr. P. Shiva Shankar <i>Independent&Non-Executive Director</i>	14	Yes
Mr. Venu Madhava Reddy <i>Independent&Non-Executive Director</i>	17	Yes
Mr. G. Shanker Prasad <i>Independent&Non-Executive Director</i>	17	Yes

COMMITTEES OF DIRECTORS

The board has constituted Committees of Directors to deal with matters which need quick decisions and monitoring of the activities falling within their terms of reference. The Board Committees are as follows.

AUDIT COMMITTEE

The audit committee comprises of three non-executive Directors Viz Mr. P. Shiva Shankar, Mr. G. Shanker Prasad and Mr. Y. Venu Madhava Reddy. During the year under review four meetings of Audit Committee were held on 23/04/07, 28/07/07, 29/10/07 and 14/01/08.

The terms of reference of the Audit Committee are in accordance with Clause49 (ii) of listing agreements entered into with the Stock Exchange which inter-alia includes the following.