



RAJESH EXPORTS LIMITED

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15th

ANNUAL REPORT

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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. SHIVA SHANKAR	<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
D-1, Jyothi Complex
134/1, Infantry Road
Bangalore - 560 001

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.
E-mail: info@skdc-consultants.com

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NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Members of **RAJESH EXPORTS LTD** will be held at 10.30 A.M. on 29-09-2009 at the Mini Hall, Hotel Woodlands, # 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 2009 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. G. Shanker Prasad, 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

RAJESH MEHTA
Chairman

Place: Bangalore
Date: 29.07.2009

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 25-09-2009 to 29-09-2009 (both days inclusive) notice of which will appear in the News Paper on 18-09-2009.
4. Members holding shares in Physical form are requested to intimate the Change of Address and their Bank Account details such as Bank Name, Branch with address and Account No. for incorporating the same in dividend warrants to the Registrars and Transfer Agents of the Company M/s. S.K.D.C. Consultants Limited, No. 7, S N Layout, Street No.1, West Powerhouse Road, Tatabad Post, Coimbatore 641012 quoting their respective folio number. Members holding shares in Demat form shall intimate the above details to their Depository Participants (DP's) with whom they have Demat Account.
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

PROFILE OF RETIRING DIRECTOR WHO OFFERS HIMSELF FOR REAPPOINTMENT:

Mr. G. Shanker Prasad, aged about 49 years, is a Company Secretary by profession. He is also a qualified cost accountant. Being a member in Audit Committee, he advises the Company on correct, credible and adequate financial disclosures. He has an experience of over 20 years in his field. The Board considers it expedient to re-appoint Mr. G. Shanker Prasad as Director of the Company.

RAJESH EXPORTS LIMITED

DIRECTORS' REPORT

Your Directors have great pleasure in presenting their 15th annual report on the business and operations of the Company, for the financial year ended 31st March 2009.

FINANCIAL RESULTS

	(Rs. in Crores) For the year ended 31.03.2009	(Rs. in Crores) For the year ended 31.03.2008
Profit Before Depreciation	100.32	233.75
Less : Depreciation	1.75	1.63
Profit after depreciation	98.57	232.12
Less : Provision for taxation	11.19	25.56
Deferred taxation for the year		
Profit after taxation	87.38	206.56
Add : Balance as per last account	75.20	28.90
Less : Provision for Gratuity liability as at 31.03.2008	0.19	
Profit available for appropriation	162.39	235.46
Less : Transfer to general reserves	100.00	150.00
Less : Proposed dividend including tax on Dividend	18.04	10.26
Balance surplus transferred to Balance Sheet	44.35	75.20

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. 12361.10 crores compared to that of Rs. 8667.09 crores during the previous year. As a result, the net profit for the year under review, after provision for depreciation and income tax was 87.38 crores. The Company has transferred an amount of Rs. 100.00 crores to the general reserves. As a result, the total reserve of the Company has moved up to 888.13 crores.

DIVIDEND

Keeping in view the profitability of the Company, your Directors have recommended a dividend of 60 %.

DIRECTORS

Mr. G. Shanker Prasad, Director of your Company, retires by rotation; and being eligible offers himself for reappointment.

AUDITORS

M/s. P. K. Rungta & Co, Chartered Accountants, 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 31.03.2009, 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 31.03.2009 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 National Stock Exchange of India Ltd and Bombay Stock Exchange 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 comprise of some of the finest designers, metallurgists, chemists and senior craftsman. 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. 10538.91 crores (Previous year: Rs. 8063.96 crores). The foreign exchange outgo on account of import of raw materials amounted to Rs. 11698.28 crores (Previous year: Rs. 8233.96 crores).

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 specially wish to place on record, their sincere appreciation to the people of the Company for their dedication and hard work, 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, Indian Bank, HSBC and UCO Bank for their continued support. Your Directors also thank all the Shareholders, Consultants, Customers, Vendors, Service providers and Government & Statutory authorities for their continued support.

For and on behalf of the Board

Place: Bangalore
Date: 29.07.2009

RAJESH MEHTA
Chairman

RAJESH EXPORTS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

We are proud of our company's performance in fiscal 2008 which was a very fast paced year for Rajesh Exports Limited. Despite the global economic downturns, our relentless focus on our clients and operating the company with discipline yielded good results. Company achieved a 42.62% increase in its revenue for the year ended 31/3/2009, and its order book position at the end of the financial year was Rs. 1246 crores.

As usual, last year also was an year of recognition for us. The company has won trophy from the President of India for the second highest foreign exchange earner in the country at the FIEO "Niryaat Shree" And "Niryaat Bandhu" award ceremony. In addition the company has received "State Export Excellence" award under overall category from the Department of Industry and Commerce, Government of Karnataka for 2006-2007.

Our Research & Development group helps us monitor the changing taste of our clients and customers so that we can anticipate consumer preferences and devise innovative ways of satisfying them, so that the company continues to expand its product range with new and innovative designs. The company has initiated plans to enhance its distribution reach by adding new dealers to penetrate into new domestic and international markets as we are committed to stay true to our core-value of creating high quality jewellery products and take our business to the next level of market leadership.

MANAGEMENT

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 31.03.2009.

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. 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 14 years in management and administration.
05.	Mr. G. Shanker Prasad	Non-Executive & Independent Director	Well known practicing Company Secretary and Cost Accountant.

The Board of Directors are efficiently complemented in the day to day functioning by a team of highly 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 are instrumental in achieving giant strides the Company is making year after year towards progress. 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. The 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 FINANCIAL PERFORMANCE

a) **Key financial Indicators:**

	2008-2009	2007-2008
Return on Net Worth	11.07%	26.18%
PAT to Sales	0.73%	2.38%
Fixed Assets Turnover (Times)	210.92	152.99
Sales / Total Assets	4.17	4.92

b) **Revenues:**

The business operations of Rajesh Exports Ltd for the year 2008-09 resulted in the Company achieving total revenue of Rs 12361.10 Crores as against 8667.09 Crores during the previous year. The operating revenue for the year (Revenue less other Income) is Rs. 11949.66 Crores.

(Rs. in Crores)

	2008-2009	2007-2008
Operating Revenue	11949.66	8667.01
Other Income	411.44	00.08
Total Revenue	12361.10	8667.09

c) **Operating Income:**

Operating income (excluding other income) for the year 2008-2009 is Rs. 11949.66 Crores as compared to Rs.8667.01 Crores in the previous year.

d) **Cost of Revenue:**

Cost of goods sold for 2008-2009 is Rs. 11861.61 Crores as compared to Rs. 8089.72 Crores in the previous year.

e) **Provision for Taxation:**

The provision for taxation for 2008-2009 is Rs. 11.19 Crores as compared to Rs. 25.56 Crores during the previous year.

f) **Debt:**

The Company as at 31st March 2009 had working capital facilities outstanding with the consortium member Banks of Rs.210.53 Crores.

Note: 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 book value of fixed assets for the year ended 31.03.2009 after providing for depreciation is Rs. 64.88 Crores.

h) **Loans and Advances:**

The loans and advances as on 31st March 2009 were Rs. 765.26 Crores as compared to Rs. 238.03 Crores during the previous year.

i) **Cash and Bank Balances:**

REL continues to be a cash positive Company. As on 31st March 2009 the Company had Rs.5537.18 Crores (Net) as cash and bank balances.

h) **Current Liabilities:**

The current liabilities as on 31.03.2009 are Rs.4610.28 Crores.

For and on behalf of the Board

Place: Bangalore
Date : 29.07.09

RAJESH MEHTA
Chairman

RAJESH EXPORTS LIMITED

REPORT ON CORPORATE GOVERNANCE

Rajesh Exports Ltd. recognises the ideals and importance of corporate governance and acknowledges its responsibilities towards all its shareholders, employees, customers and regulatory authorities. The Company believes that a good corporate governance process aims to achieve a balance between the shareholders' interest and corporate goals of the Company. It aims to attain the highest levels of transparency, accountability and integrity to all its shareholders by implementing transparent corporate governance, thereby enhancing the value of the shareholders 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. Shareholders 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 Directors	1. Mr. P. Siva Shankar	3	60 %	1. Rajesh Global Solutions Ltd.	Nil	1. Audit Committee of Rajesh Global Solutions Ltd.
	2. Mr. Venu Madhava Reddy			2. SDS Futura Blocks Pvt. Ltd.	Nil	2. Investor Grievance Committee of Rajesh Global Solutions Ltd.
	3. Mr. G. Shanker Prasad			1. Rajesh Global Solutions Ltd.	Nil	1. Audit Committee of Rajesh Global Solutions Ltd.
				2. NG Cluster Garments Pvt Ltd.	Nil	2. Investor Grievance Committee of Rajesh Global Solutions Ltd.
				3. SME's Development Centre.		Nil



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

BOARD MEETINGS

During the year 2008-09, sixteen (16) board meetings were held on the following dates :

28.05.2008, 18.06.2008, 30.06.2008, 29.07.2008, 14.08.2008, 02.10.2008, 23.10.2008, 20.11.2008, 02.12.2008, 01.01.2009, 03.01.2009, 07.01.2009, 30.01.2009, 21.02.2009, 07.03.2009 and 21.03.2009.

The details of attendance of the Directors at the Meetings is as follows.

Name of the Director	Attendance at the board meetings.
Mr. Rajesh Mehra <i>Executive Chairman</i>	16
Mr. Prashant Mehta <i>Managing Director</i>	16
Mr. P. Shiva Shankar <i>Independent & Non-Executive Director</i>	10
Mr. Venu Madhava Reddy <i>Independent & Non-Executive Director</i>	10
Mr. G. Shanker Prasad <i>Independent & Non-Executive Director</i>	10

COMMITTEES OF DIRECTORS

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

AUDIT COMMITTEE

The Audit Committee comprises three non-executive Directors viz Mr. P. Shiva Shankar, Mr. G. Shanker Prasad and Mr. Y. Venu Madhava Reddy. During the year under review the Committee held four meetings.

The terms of reference of the Audit Committee are in accordance with Clause 49(ii) of Listing Agreements entered into with the Stock Exchanges which, inter-alia, include the following.

- Overseeing the Company's financial reporting process and to ensure correct, adequate and credible disclosure of financial information.
- Recommending the appointment and removal of external auditors and fixing their fees.
- Reviewing the annual financial statements, with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements.
- Reviewing the adequacy of the audit and compliance function, including their policies, procedures, techniques and other regulatory requirements.

AUDIT COMMITTEE

The Audit Committee of the Company met four times during the year.

Members	Attendance
Mr. Shiv Shankar <i>Chairman, Independent & Non-Executive Director</i>	04
Mr. G. Shanker Prasad <i>Independent & Non-Executive Director</i>	04
Mr. Y. Venu Madhava Reddy <i>Independent & Non-Executive Director</i>	04

RAJESH EXPORTS LIMITED

SHAREHOLDERS & INVESTOR GRIEVANCE COMMITTEE

The Shareholders and Investor Grievance Committee comprises Mr. Venu Madhava Reddy, Mr. P. Shiva Shankar and Mr. Rajesh Mehta. The Committee approves and monitors transfers, transmissions, dematerialisation, splitting and consolidation of shares issued by the Company and issue of duplicate share certificates. The Committee also monitors redressal of complaints from shareholders relating to transfer of shares, non-receipt of balance sheet, dividends etc. and reviewing the share transfers executed by S.K.D.C. Consultants Ltd.

No. of investor complaints received during the year : 09

No. of complaints resolved : 09

No. of complaints pending : 0

The Committee is chaired by Mr. Venu Madhava Reddy, who is a non executive director.

The Committee has met twelve times during the year.

SHAREHOLDERS & INVESTORS GRIEVANCE COMMITTEE

Members	Attendance
Mr. Y. Venu Madhava Reddy <i>Independent & Non-Executive Director</i>	11
Mr. G Shanker Prasad <i>Independent & Non-Executive Director</i>	12
Mr. Rajesh Mehta <i>Executive Director</i>	12

REMUNERATION OF DIRECTORS

The Directors' remuneration includes consolidated remuneration paid to Executive Chairman, Mr. Rajesh Mehta and Managing Director, Mr. Prashant Mehta amounting to Rs. 2,39,976/- per annum. Independent and non executive directors do not receive any remuneration or sitting fees from the Company.

ANNUAL GENERAL BODY MEETINGS

Details of Annual General Meetings of the company for the last 3 years

Last 3 AGM's	Date/Time of AGM	Venue
12th AGM	16th September 2006 at 4.30 P.M.	Mini Hall, Hotel Wood Lands, Raja Ram Mohan Roy Road, Bangalore
13th AGM	22nd September 2007 at 4.30 P.M.	Mini Hall, Hotel Wood Lands, Raja Ram Mohan Roy Road, Bangalore
14th AGM	16th September 2008 at 10.15 A.M.	Mini Hall, Hotel Wood Lands, Raja Ram Mohan Roy Road, Bangalore.

SPECIAL RESOLUTIONS PASSED DURING LAST THREE FINANCIAL YEARS

At the EGM held on 20.01.07 the Board's proposal for raising USD 150 million in overseas markets through the issue of FCCB bonds was approved by the members of the company. The company successfully completed raising USD 150 million on 13.02.2007.

No resolutions were passed through postal ballot during the last 3 financial years.