



RAJESH EXPORTS LIMITED

16th
ANNUAL
REPORT

2 0 0 9 - 2 0 1 0

RAJESH EXPORTS LIMITED

Board of Directors

SHRI. RAJESH MEHTA

Executive Chairman

SHRI. PRASHANT MEHTA

Managing Director

SHRI. P. SIVA SANKAR

Director

SHRI. Y. VENU MADHAVA REDDY

Director

SHRI. G. SHANKER PRASAD

Director

Auditors

M/s P. K Rungta & Co.

Chartered Accountants

D-1, Jyothi Complex

134/1, Infantry Road

Bangalore – 560 001

Bankers

Canara Bank

IDBI Bank

State Bank of Hyderabad

UCO Bank

Regd. Office

4, Batavia Chambers

Kumara Krupa Road

Kumara Park East

Bangalore - 560 001.

Tel: 91-80-22266735

Fax: 91-80-22259503

Corporate Office

Rajesh Group

1, Brunton Road

(Off M. G. Road)

Opp. Old Passport Office

Bangalore - 560 001.

Tel: 91-80-40239999

Fax: 91-80-40239945

Share Transfer Agents

M/s S. K. D. C Consultants Limited

Kanapathy Towers,

3rd Floor ; 1391/A-1, Sathy Road

Ganapathy

Coimbatore - 641 012.

Phone: 0422 - 6549995; 2539835-836

Fax: 0422 2539837.

E-mail: info@skdc-consultants.com

CONTENTS	PAGE
Notice	3
Report of Directors	5
Auditor's Report.....	16
Balance Sheet	19
Profit & Loss Account	20
Schedules to Balance Sheet.....	21
Cash Flow Statement.....	32
Balance Sheet Abstract.....	33



NOTICE

Notice is hereby given that the **16th Annual General Meeting** of the Members of **RAJESH EXPORTS LTD** will be held at **5.00 P.M. on 22-09-2010 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 2010 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. P. Siva Sankar, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to Section 269, Schedule XIII and all other applicable Provisions of the Companies Act, 1956, Mr. Rajesh Mehta be and is hereby re-appointed as the Executive Chairman of the Company for a further period of three years from 16-03-2010 on existing terms and conditions viz,

Remuneration:

Salary – Rs. 1, 19,988/- p.a.

Perquisites

- a. Free use of Company's car and driver.
- b. Leave Travel Concession for self and family, once in year.
- c. Children's Education Allowance, as per Income Tax Rules
- d. Reimbursement of medical expenses for self and family.
- e. Fees of clubs, subject to maximum of 2 clubs.
- f. Contribution to Provident Fund to the extent it is not taxable under Income Tax Act, 1961.
- g. Gratuity payable at a rate not exceeding half a month's salary, for each completed year of service.
- h. Encashment of leave at the end of the tenure.
- i. Personal Accident Insurance Premium, as per Income Tax Rules

5. To consider and if thought fit, to pass with or without modification the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to Section 269, Schedule XIII and all other applicable Provisions of the Companies Act, 1956, Mr. Prashant Mehta be and is hereby re-appointed as the Managing Director of the Company for a further period of three years from 16-03-2010 on existing terms and conditions viz,

Remuneration:

Salary – Rs. 1,19,988/- p.a.

Perquisites

- a. Free use of Company's car and driver.
 - b. Leave Travel Concession for self and family, once in year.
 - c. Reimbursement of medical expenses for self and family.
 - d. Fees of clubs, subject to maximum of 2 clubs.
 - e. Contribution to Provident Fund to the extent it is not taxable under Income Tax Act, 1961.
 - f. Gratuity payable at a rate not exceeding half a month's salary, for each completed year of service.
 - g. Personal Accident Insurance Premium, as per Income Tax Rules
 - h. Children's Education Allowance, as per Income Tax Rules
 - i. Encashment of leave at the end of the tenure.
6. To appoint auditors and fix their remuneration.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 4 of the Agenda:

The term of appointment of Mr. Rajesh Mehta as the Executive Chairman of the Company has expired on March 15, 2010.

RAJESH EXPORTS LIMITED

Mr. Rajesh Mehta, who is known for his impeccable skills, was instrumental in the efficient management of the Company. It may not be out of place to mention here that Mr. Rajesh Mehta, with his quest for excellence, uplifted the Company with a modest turnover to one that has entered the Multi Billion dollar club within a short span of time. In his tireless efforts and under his able Chairmanship, the Company achieved a prominent position among the Indian Corporates. The innumerable Awards that the Company continues to bag both from the Centre and the State Governments are the testimony to his caliber and unequivocal etiquette coupled with his business acumen.

Therefore, your Directors consider it inevitable and most advantageous to continue to receive the benefit of the expert advice and guidance of Mr. Rajesh Mehta as the Executive Chairman for the efficient functioning of the Company.

Mr. Rajesh Mehta and Mr. Prashant Mehta may be regarded as interested Directors in the aforesaid Resolution.

Item No. 5 of the Agenda:

The term of appointment of Mr. Prashant Mehta as the Managing Director of the Company has expired on March 15, 2010. Mr. Prashant Mehta, who is well known for his manufacturing skills, was instrumental in setting up of a modern and most integrated facility for the manufacture of gold jewellery at Whitefield. He, along with Mr. Rajesh Mehta, paved a way for the setting up of a highly advanced Research and Development facility for the evolution of crafting of jewellery and for the development of new internationally accepted designs. Mr. Prashanth Mehta is also known for his excellent skills of managing the affairs of the Company.

In the light of the above, your Directors consider it desirable and advantageous to continue to avail the services of Mr. Prashant Mehta in the interest of the Company's progress.

Mr. Rajesh Mehta and Mr. Prashant Mehta may be regarded as interested Directors in the aforesaid Resolution.

By the Order of the Board
Sd/-

Place : Bangalore

Date : 13-8-2010

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 17-09-2010 to 22-09-2010 (both days inclusive), notice of which will appear in the News Paper on 09-09-2010.
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, Kanapathy Towers, 3rd Floor; 1391/A-1, Sathy Road, Ganapathy, 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, Kanapathy Towers, 3rd Floor; 1391/A-1, Sathy Road, Ganapathy
Coimbatore - 641 012. Phone: 0422 - 6549995; 2539835-836 Fax: 0422 2539837. E-mail: info@skdc-consultants.com

PROFILE OF RETIRING DIRECTOR WHO OFFERS HIMSELF FOR REAPPOINTMENT:

Mr. P. Siva Sankar, aged about 47 years, is a tax planner and tax consultant by profession and advises the company on taxation matters. The Board considers it appropriate to reappoint Mr. P. Siva Sankar as a Director.



DIRECTORS' REPORT

Your Directors have great pleasure in presenting their 16th annual report on the business and operations of the Company, for the financial year ended 31st March 2010.

FINANCIAL RESULTS

	(Rs. in Crores) For the year ended 31.03.2010	(Rs. in Crores) For the year ended 31.03.2009
Profit Before Depreciation	209.02	100.32
Less : Depreciation	1.78	1.75
Profit after depreciation	207.24	98.57
Less : Provision for taxation Deferred taxation for the year	13.83	11.19
Profit after taxation	193.41	87.38
Add : Balance as per last account	44.35	75.20
Profit available for appropriation	237.76	162.58
Less : Transfer to general reserves	100.00	100.00
Less : Proposed dividend including tax on Dividend	30.99	18.04
Less : Provision for Gratuity liability as at 31-3-08	-	0.19
Balance surplus transferred to Balance Sheet	106.77	44.35

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. 18529.44 crores compared to that of Rs. 12204.13 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. 193.41 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 Rs. 1117.63 crores.

DIVIDEND

Keeping in view the profitability of the Company, your Directors have recommended a dividend of 100 %.

DIRECTORS

Mr. P. Siva Sankar, Director of your Company, retires by rotation; and being eligible offers himself for reappointment.

AUDITORS

M/s. P. K. Rungta & Co, Chartered Accountant, retires at the ensuing Annual General Meeting and is 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 compilation of annual accounts for the financial year ended 31.03.2010, the applicable accounting standards have been followed along with proper explanation relating to the material departures.

RAJESH EXPORTS LIMITED

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 31.03.2010 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 jewellery industry. The research and development team of the Company comprises 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. 16,253.60 crores (Previous year: Rs. 10,538.91 crores). The foreign exchange outgo on account of import of raw materials amounted to Rs. 18,396.96 crores (Previous year: Rs. 11,698.28 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.

D) NEW DIVISION

A new Refinery Unit (SIDCUL), Uttaranchal, has been started during 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 have resulted in the overwhelming success of the Company during the year under report. Your directors place on record their gratitude to Canara Bank, IDBI Bank, State Bank of Hyderabad 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 : 13-8-2010

RAJESH MEHTA
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

We are delighted to say that our company has come out unscathed from the recession, emerging stronger with highest ever cash on Balance-sheet and a strong Order Book position. The company capitalized on the economic downturn by climbing up the value chain into high value added products as well as further lowering its cost structure by backward integration, thus resulting on margin expansion. Company achieved a 49.72% increase in its revenue for the year ended 31/3/2010.

Our vision is to emerge as the most trusted and the largest jeweller in the world. The people of the Company have been relentlessly-working towards this for the last two decades and as a result of constant focus, research and improvement, today, your Company has achieved the capability of being a 100% integrated jeweller, wherein the operations of your Company extend from Gold Mines to the retail outlets. The ultimate goal of the Company is to deliver quality jewellery at the most affordable prices to consumers across the world. Your Company has started efforts to capture a major Share of jewellery retailing in the world and for that purpose has launched the “Gold Revolution” in Bangalore which has met with an unprecedented success and the retail brand name of the Company “SHUBH JEWELLERS” has now become one of the most trusted and a household name in Bangalore. Your company will spare no efforts to ensure that “SHUBH JEWELLERS” would be the most trusted brand name in India and in the global markets.

To achieve its vision your Company is sharply focusing on Research and Development and has evolved several new technologies for manufacturing world class jewellery and the designers of the Company are constantly working towards creating the best jewellery design portfolio in the world.

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 31.03.2010.

Sl. No.	Name	Designation	Profession
01.	Mr. Rajesh Mehta	Executive Chairman	Rich and varied experience of over two decades in management.
02.	Mr. Prashant Mehta	Managing Director	Over two decades of experience in jewellery production and marketing.
03.	Mr. P. Siva Sankar	Non Executive & Independent Director	Leading Tax Consultant.
04.	Mr. Venu Madhava Reddy	Non-Executive & Independent Director	Has an experience of over 15 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 commendable 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.

RAJESH EXPORTS LIMITED

DISCLAIMER

Statements made in 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:*

	2009-2010	2008-2009
Return on Net Worth	16.91%	11.07%
PAT to Sales	1.08%	0.73%
Fixed Assets / Turnover (Times)	253.25	210.92
Sales / Total Assets (Times)	5.50	4.17

b) *Revenues:*

The business operations of Rajesh Exports Ltd. for the year 2009-10 resulted in the Company achieving total revenue of Rs. 18529.44 Crores as against Rs. 12204.13 Crores during the previous year. The operating revenue for the year (Revenue less other Income) is Rs. 17894.96 Crores.

(Rs. in Crores)

	2009-2010	2008-2009
Operating Revenue	17894.96	11949.66
Other Income	634.48	254.47
Total Revenue	18529.44	12204.13

c) *Operating Income:*

Operating income (excluding other income) for the year 2009-2010 is Rs. 17894.96 Crores.

d) *Cost of Revenue:*

Cost of goods sold for 2009-2010 is Rs. 18179.47 crores as compared to Rs. 11861.61 Crores in the previous year.

e) *Provision for Taxation:*

The provision for taxation for 2009-2010 is Rs. 13.83 crores as compared to Rs. 11.19 Crores during the previous year.

f) *Debt:*

The Company as at 31st March 2010 had working capital facilities outstanding with the consortium of member Banks of Rs. 601.28 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 31.03.2010 after providing for depreciation is Rs. 70.66 crores.

h) *Loans and Advances:*

The loans and advances as on 31st March 2010 were Rs. 869.56 Crores as compared to Rs. 765.26 Crores during the previous year.

i) *Cash and Bank Balances:*

REL continues to be a cash positive Company. As on 31st March 2010 the Company has Rs. 6653.51 Crores (Net) as cash and bank balances.

h) *Current Liabilities:*

The current liabilities as on 31.03.2010 are Rs. 5362.60 Crores.

For and on behalf of the Board

Place : Bangalore

Date : 13-8-2010

RAJESH MEHTA

Chairman



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. 1. Rajesh Global Solutions Limited 2. Astalakshmi Marketing Pvt. Ltd.	Nil	1. Audit and Compliance Committee of Rajesh Global Solutions Ltd.
Independent & non Executive Directors	1. Mr. P. Siva Sankar	3	60 %	1. Rajesh Global Solutions Ltd. 2. SDS Futura Blocks Pvt. Ltd.	Nil	1. Audit Committee of Rajesh Global Solutions Ltd. 2. Investor Grievance Committee of Rajesh Global Solutions Ltd.
	2. Mr. Venu Madhava Reddy			1. Rajesh Global Solutions Ltd.	Nil	1. Audit Committee of Rajesh Global Solutions Ltd. 2. Investor Grievance Committee of Rajesh Global Solutions Ltd.
	3. Mr. G. Shanker Prasad			1. Gopichand Rohra and Associates Pvt. Ltd. 2. NG Cluster Garments Pvt Ltd. 3. SME's Development Centre.	Nil	Nil

RAJESH EXPORTS LIMITED

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 2009-10, twenty four (24) board meetings were held on the following dates :

18.04.2009, 02.05.2009, 16.05.2009, 26.05.2009, 06.06.2009, 20.06.2009, 30.06.2009, 29.07.2009, 17.08.2009, 19.09.2009, 03.10.2009, 30.10.2009, 21.11.2009, 26.11.2009, 05.12.2009, 06.01.2010, 22.01.2010, 30.01.2010, 18.02.2010, 02.03.2010, 06.03.2010, 13.03.2010, 20.03.2010 and 29.03.2010.

The details of attendance of the Directors at the meetings are as follows :

Name of the Director	Attendance at the board meetings.
Mr. Rajesh Mehta <i>Executive Chairman</i>	24
Mr. Prashant Mehta <i>Managing Director</i>	20
Mr. P. Siva Sankar <i>Independent & Non-Executive Director</i>	22
Mr. Venu Madhava Reddy <i>Independent & Non-Executive Director</i>	19
Mr. G. Shanker Prasad <i>Independent & Non-Executive Director</i>	14

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 of three non-executive Directors viz Mr. P. Siva Sankar, 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.

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

Members	Attendance
Mr. Siva Sankar <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