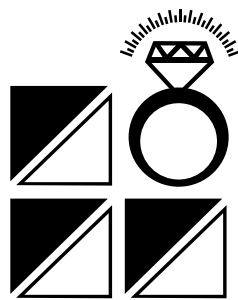


17th
ANNUAL
REPORT

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RAJESH EXPORTS LIMITED

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

State Bank of Hyderabad

UCO Bank

IDBI Bank

Regd. Office

4, Batavia Chambers

Kumara Krupa Road

Kumara Park East

Bangalore - 560 001.

Tel: 91-80-22266735

Fax: 91-80-22259503

E-mail: corpcomm@rajeshindia.com

Corporate Office

Rajesh Group

1, Brunton Road

Opp. Old Passport Office

Bangalore - 560 001.

Tel: 91-80-40239999

Fax: 91-80-40239945

E-mail: compsect@rajeshindia.com

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

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NOTICE

Notice is hereby given that the **17th Annual General Meeting** of the Members of **RAJESH EXPORTS LTD** will be held at **12 Noon, on 30-09-2011 at the Guru Raja Kalyana Mantap, No 21, Crescent Road, Next to Karnataka Film Chamber of Commerce Near Shivanada Circle, BANGALORE – 560 001** to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss account for the year ended 31st March 2011 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. Y. Venu Madhava Reddy, who retires by rotation and being eligible, offers him self for re-appointment.
4. To appoint auditors and fix their remuneration.

By the Order of the Board
Sd/-

Place : Bangalore
Date : 12-8-2011

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. Proxy Forms, 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 23-09-2011 to 30-09-2011 (both days inclusive), notice of which will appear in the News Paper on 14-09-2011.
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. Y. Venu Madhava Reddy, aged about 40 years, has an experience of over 16 years in management and administration. The Board considers it necessary to reappoint Mr. Y Venu Madhava Reddy as a Director.

RAJESH EXPORTS LIMITED

DIRECTORS' REPORT

Your Directors have great pleasure in presenting their 17th annual report on the business and operations of the Company, for the financial year ended 31st March 2011.

FINANCIAL RESULTS

| | <i>(Rs. in Millions)</i> | <i>(Rs. in Millions)</i> |
|---|--|--|
| | For the year ended 31.03.2011 | For the year ended 31.03.2010 |
| Profit Before Depreciation | 2707.6 | 2090.2 |
| <i>Less : Depreciation</i> | 19.6 | 17.8 |
| Profit after depreciation | 2688.0 | 2072.4 |
| <i>Less : Provision for taxation</i> | 208.1 | 138.3 |
| Deferred taxation for the year | | |
| Profit after taxation | 2479.9 | 1934.1 |
| <i>Add : Balance as per last account</i> | 1067.7 | 443.5 |
| Profit available for appropriation | 3547.6 | 2377.6 |
| <i>Less : Transfer to general reserves</i> | 3000.0 | 1000.0 |
| <i>Less : Proposed dividend including tax on Dividend</i> | 226.5 | 309.9 |
| Balance surplus transferred to Balance Sheet | 321.1 | 1067.7 |

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. 208643.8 Million compared to that of Rs. 185294.4 Million during the previous year. As a result, the net profit for the year under review, after provision for depreciation and income tax was Rs. 2479.9 Million. The Company has transferred an amount of Rs. 3000.0 Million to the general reserves. As a result, the total reserve of the Company has moved up to Rs. 15672.5 Million.

DIVIDEND

Your Directors have recommended a dividend of 60 % for the year ended 31.03.2011.

DIRECTORS

Mr. Y. Venu Madhava Reddy, Director of your Company, retires by rotation; and being eligible offers himself for reappointment.

AUDITORS

M/s. P. K. Rungta & Co, Chartered Accountants, Bangalore, 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 31.03.2011, 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 maintenance of adequate accounting records in accordance with the provisions of the 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 31.03.2011 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 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 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 various new systems, procedures and techniques in jewellery manufacturing.

B) FOREIGN EXCHANGE EARNINGS

During the year the Company has reported foreign exchange earnings of Rs. 154341.50 Million (Previous year: Rs. 162536.0 Million). The foreign exchange outgo on account of import amounted to Rs. 161070.70 Million (Previous year: Rs. 183969.60 Million).

C) PARTICULARS OF EMPLOYEES

During the year under review, there were no employees who were drawing remuneration in excess of Rs. 60 Lakhs per annum or Rs. 5 lakhs per month, if employed for a part of the year.

D) NEW DIVISION

During the year, company opened a new Branch office in Mumbai, situated at Rajesh Export Limited, 4A, Trishla Premises, 122, Shaikh Memon Street, Zaveri Bazar, Mumbai – 400 002.

ACKNOWLEDGEMENTS

Your directors specially wish to place on record, their sincere appreciation to the employees 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, State Bank of Hyderabad, UCO Bank and IDBI 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 in successful running of company's business and its continued progress.

For and on behalf of the Board

Sd/-

Place : Bangalore

Date : 12-8-2011

RAJESH MEHTA

Chairman

RAJESH EXPORTS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

In 2010-11, your Company recorded 12 % comparable sales growth despite slow economic recovery seen in the world market. These figures are built on the strong momentum gathered from the previous year consistent growth.

Company had issued FCCB for USD 150 million on 09-02-2007. There was a huge interest among the foreign investors and the Bonds were oversubscribed, several times. There were totally 1500 bonds of 1,00,000 USD each issued. Currently, out of the 1500 bonds issued, 1349 bonds (89.93% of the total) have already been converted into equity shares. Remaining 151 bonds would be redeemed on 21.02.2012, there would be no further conversion of the bonds into equity.

“THE GOLD REVOLUTION” launched by the Company last year across the state of Karnataka through its retail net-work has been well received heralding a new era of transparency in gold purity, price and weight, and redefining the Gold Jewellery retail industry in India. The Company currently has 40 showrooms of SHUBH spread across the country, with many more to be added soon. “Real Rate per Gram (RRG) launched by the company in June 2010, has revolutionized the global Gold jewellery retailing industry”. Besides, the company launched the World’s First Gold jewellery Service Centre” in Bangalore.

The management team is strongly committed to take the company to further heights with its focus on speed and discipline in execution and consolidate the company’s position as the world leader in Jewellery manufacturing and retailing.

MANAGEMENT

The Board of Directors head 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 31.03.2011.

| Sl. No. | Name | Designation | Profession |
|---------|--------------------------|--------------------------------------|--|
| 01. | Mr. Rajesh Mehta | Executive Chairman | Rich and varied experience of over two decades in the Management of jewellery trade, with un-paralleled expertise in the complete cycle of gold jewellery trade. |
| 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. Y Venu Madhava Reddy | Non Executive & Independent Director | Has an experience of over 16 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 the impressive 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 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:**

| | 2010-2011 | 2009-2010 |
|---------------------------------|-----------|-----------|
| Return on Net Worth | 15.53% | 16.91% |
| PAT to Sales | 1.24% | 01.08% |
| Fixed Assets / Turnover (Times) | 280.82 | 253.25 |
| Sales / Total Assets (Times) | 4.86 | 5.50 |

b) **Revenues:**

The business operations of Rajesh Exports Ltd. for the year 2010-11 resulted in the Company achieving total revenue of Rs. 208643.8 Million as against Rs. 185294.4 Million during the previous year.

(Rs. in Million)

| | 2010-2011 | 2009-2010 |
|------------------------|-----------|-----------|
| Operating Revenue | 205337.63 | 184113.46 |
| Other Operating Income | 3306.16 | 1180.94 |
| Total Revenue | 208643.79 | 185294.40 |

c) **Operating Income:**

Operating revenue for the year 2010-2011 is Rs. 208643.79 Million as compared to Rs. 185294.40 Million in the previous year

d) **Cost of Revenue:**

Cost of goods sold for 2010-2011 is Rs. 203254.2 Million as compared to Rs. 181794.7 Million in the previous year.

e) **Provision for Taxation:**

The provision for taxation for 2010-2011 is Rs. 208.1 Million as compared to Rs. 138.3 Million during the previous year.

f) **Debt:**

The Company as at 31st March 2011 had working capital facilities outstanding with the consortium of member Banks of Rs.8548.4 Million, The company has not availed any long term debt.

g) **Fixed Assets:**

The book value of fixed assets for the year ended 31.03.2011 after providing for depreciation is Rs. 713.78 Million.

h) **Loans and Advances:**

The loans and advances as on 31st March 2011 were Rs. 6950.9 Million as compared to Rs. 8695.6 Million during the Previous year

i) **Cash and Bank Balances:**

REL continues to be a cash positive Company. As on 31st March 2011 the Company has Rs. 78149.9 Million (Net) as cash and bank balances.

h) **Current Liabilities:**

The current liabilities as on 31.03.2011 are Rs. 63954.2 Million.

For and on behalf of the Board

Sd/-

RAJESH MEHTA

Chairman

Place : Bangalore

Date : 12-8-2011

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 | | | 1. Rajesh Global Solutions Limited | 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. | Nil | 1. Audit Committee of Rajesh Global Solutions Ltd. |
| | 2. Mr. Y.Venu Madhava Reddy | | | 2. SDS Futura Blocks Pvt. Ltd. | | 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. Investor Grievance Committee of Rajesh Global Solutions Ltd. |
| | | | | | | 1. Gopichand Rohra and Associates Pvt. Ltd. |
| | | | | | | 2. NG Cluster Garments Pvt Ltd. |
| | | | | | | 3. SME's Development Centre. |



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

BOARD MEETINGS

During the year 2010-11, twenty one (21) board meetings were held on the following dates:

09.04.2010, 17.04.2010, 24.04.2010, 03.05.2010, 06.05.2010, 08.05.2010, 31.05.2010, 03.07.2010, 21.07.2010, 13.08.2010, 19.08.2010, 01.09.2010, 04.09.2010, 27.09.2010, 23.10.2010, 14.11.2010, 30.11.2010, 01.01.2011, 05.02.2011, 14.02.2011 and 28.02.2011.

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> | 21 |
| Mr. Prashant Mehta <i>Managing Director</i> | 21 |
| Mr. P. Siva Sankar <i>Independent & Non-Executive Director</i> | 21 |
| Mr. Y. Venu Madhava Reddy <i>Independent & Non-Executive Director</i> | 21 |
| Mr. G. Shanker Prasad <i>Independent & Non-Executive Director</i> | 08 |

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 |

RAJESH EXPORTS LIMITED

SHAREHOLDERS & INVESTOR GRIEVANCE COMMITTEE

The Shareholders and Investor Grievance Committee comprises of Mr. Y. Venu Madhava Reddy, Mr. G Shanker Prasad 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 : 00

No. of complaints resolved : 00

No. of complaints pending : 00

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

The Committee has met two times during the year.

SHAREHOLDERS & INVESTORS GRIEVANCE COMMITTEE

| Members | Attendance |
|--|------------|
| Mr. Y. Venu Madhava Reddy <i>Independent & Non-Executive Director</i> | 02 |
| Mr. G Shanker Prasad <i>Independent & Non-Executive Director</i> | 02 |
| Mr. Rajesh Mehta <i>Executive Director</i> | 02 |

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.

ANNUAL GENERAL BODY MEETINGS

Details of Previous General Body Meetings of the company held during last three years

| Last 3 AGM's | Date/Time of AGM | Venue |
|--------------|-------------------------------------|--|
| 14th AGM | 16th September 2008 @ 10.15 A.M. | Mini Hall, Hotel Wood Lands, Raja Ram Mohan Roy Road, Bangalore. |
| 15th AGM | 29th September 2009 @ 10.30 A.M. | Mini Hall, Hotel Wood Lands, Raja Ram Mohan Roy Road, Bangalore. |
| 16th AGM | 22nd September 2010 @ 5.00 P.M. | Mini Hall, Hotel Wood Lands, Raja Ram Mohan Roy Road, Bangalore. |

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