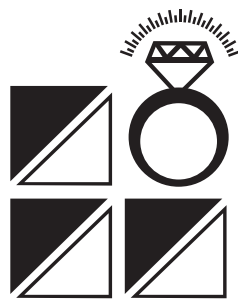


18th
ANNUAL
REPORT
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RAJESH EXPORTS LIMITED

RAJESH EXPORTS LIMITED

Board of Directors

SHRI. RAJESH MEHTA

Executive Chairman

SHRI. PRASHANT MEHTA

Managing Director

SHRI. Y. VENU MADHAVA REDDY

Director

SHRI. G. SHANKER PRASAD

Director

Statutory Auditors

M/s V SIVASANKAR & CO.

Chartered Accountants

118, 2nd Floor, Keerthi Plaza, Nagarthpet,

Bangalore – 560002

Internal Auditors

Gunasheela & Associates

Chartered Accountants

140B, 3rd Floor, 9th Cross

Margosa Road, Malleswaram

Bangalore – 560003

Bankers

Canara Bank

State Bank of Hyderabad

Bank of India

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: compsect@rajeshindia.com

Corporate Office

1, Brunton Road (Off M. G. 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

CONTENTS	PAGE
Notice	3
Directors' Report	4
Auditor's Report.....	15
Balance Sheet	18
Profit & Loss Account	19
Cash Flow Statement.....	20
Balance Sheet Abstract.....	21
Notes to Balance Sheet.....	22



NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Members of **RAJESH EXPORTS LTD** will be held at the **Guru Raja Kalyana Mantap, No 21, Crescent Road, Next to Karnataka Film Chamber of Commerce, (Near Shivanada Circle), BANGALORE – 560 001, on 28-09-2012 at 12 noon**, to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss account for the year ended 31st March 2012 and the Balance Sheet as at that date together with reports of 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.

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. Explanatory statement under Sec 173 of the Companies Act, 1956 is attached hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 24-09-2012 to 28-09-2012 (both days inclusive), notice of which will appear in the News Paper on 14-09-2012.
5. 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.
6. 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.
7. Members/proxies should bring the attendance slip sent herewith duly filled in, for attending the Meeting.
8. 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

By the Order of the Board
Sd/-

RAJESH MEHTA
Chairman

Place : Bangalore
Date : 30-5-2012

PROFILE OF RETIRING DIRECTOR WHO OFFERS HIMSELF FOR REAPPOINTMENT:

Mr. G. Shanker Prasad, 52, is a Company Secretary and Cost Accountant by profession, based in Bangalore with an experience of over 23 years. He has played a key part in establishing many new businesses and companies. He has extensive advisory experience on issues of Company Law, driving performance improvement, organisation building and human capital development. He also plays the role of a friend, advisor and mentor to start-ups. He was appointed as Director of the company from August 30, 2001. Being a member in Audit Committee, he advises the Company on correct, credible and adequate financial disclosures. He is also a Director of Gopichand Rohra and Associates Pvt. Ltd., and SME's Development Center, a Sec 25 company. He holds 15000 shares of the company.

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 18th Annual Report on the business and operations of the Company, for the financial year ended 31st March 2012.

FINANCIAL RESULTS

	(Rs. in Millions) For the year ended 31.03.2012	(Rs. in Millions) For the year ended 31.03.2011
Profit Before Depreciation	4339.48	2707.6
Less : Depreciation	20.66	19.6
Profit after depreciation	4318.82	2688.0
Less : Provision for taxation	194.52	208.1
Profit after taxation	4124.30	2479.9
Add : Balance as per last account	321.10	1067.7
Profit available for appropriation	4445.40	3547.6
Less : Transfer to general reserves	2097.81	3000.0
Less : Proposed dividend including tax on Dividend	205.89	226.5
Balance surplus transferred to Balance Sheet	2141.59	321.1

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. 258503.30 million compared to that of Rs. 206228.63 million during the previous year. The net profit for the year under review, after provision for depreciation and income tax was Rs. 4124.30 million compared to Rs. 2479.9 million during the previous year. The Company has transferred an amount of Rs. 2097.81 million to the general reserves. As a result, the total reserve of the Company has moved up to Rs. 19590.89 million.

DIVIDEND

Your Directors have recommended a dividend of 60 % for the year ended 31.03.2012.

AUDITORS

M/s V Siva Sankar & Co, Chartered Accountants, Bangalore, were appointed as Auditors of the Company to fill the casual vacancy caused by the incapacity of Mr. P K Rungta, Proprietor, M/s. P. K. Rungta & Co, Chartered Accountants, Bangalore, caused by his serious illness. M/s V Siva Sankar & Co, Chartered Accountants, Bangalore, have confirmed their eligibility and have given their consent to be reappointed. 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.

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

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 several new systems, procedures and techniques in jewellery manufacturing.

Foreign Exchange Earnings

During the year the Company has reported foreign exchange earnings of Rs. 231314.06 Million (Previous year: Rs. 175809.48 Millions). The foreign exchange outgo on account of import of raw materials amounted to Rs. 249108.18 Million (Previous year: Rs. 202421.05 Million).

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.



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 31.03.2012, 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 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 31.03.2012 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.

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 have resulted in overwhelming success of the Company during the year under report. Your directors place on record their gratitude to Canara Bank, State Bank of Hyderabad, Bank of India and IDBI Bank for their continued support. Your Directors also thank all the Shareholders, Consultants, Customers, Vendors, Service providers, 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 : 30-5-2012

RAJESH MEHTA

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Challenges, changes and volatility all characterized 2011 both on the domestic and international front. People took to the street in protest either against rising inflation, unemployment or demanding more freedom virtually in all the countries whether developed, developing or under-developed. The world is witnessing slower GDP growth (3.8% in 2011 as compared to 5.2% in 2012, as per IMF) as well as slower job growth across developed and emerging markets. There is a growing concern of a recession, and currency volatility continues.

Despite these negative influences and trends, your company maintained its steady growth. Revenues for the year ended March 31, 2012 grew by 23.40%, compared to the last financial year, to Rs. 258503.30 Million. This robust growth in revenues has been due to the growth of export business and the retail business of the company. The company continued to consolidate its position with its retail initiative under the brand name of “SHUBH Jewellers”. With a total of 80 retail stores, SHUBH Jewellers has emerged as the most trusted jewellery brand in the state of Karnataka and also as the largest retail jeweller in the state of Karnataka. The Company will be further aggressively expanding its retail presence across the country. The company has plans to open 40 more SHUBH Jewellers Showrooms in the state of Karnataka, within the next two quarters, which would complete its retail expansion plans in the state of Karnataka. The company would be further expanding its retail presence to the other three Southern States, and further to a Pan Indian presence. The company has plans to open 500 SHUBH Jewellery showrooms by the year 2014.

RAJESH EXPORTS LIMITED

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 31.03.2012.

Sl. No.	Name	Designation	Profession
01.	Mr. Rajesh Mehta	Executive Chairman	He is responsible for the overall functioning of the company, in addition to being specifically in-charge of finance and marketing functions. He has an experience of over twenty five years in the functioning and management of jewellery trade and has traveled extensively within India and abroad for establishing a strong network in the industry. In addition to his post as Executive Chairman of REL he is a member of the Export Trade Advisory Committee of the Bangalore Jewellers Association. He is also the president of the Karnataka Jewellery Exports Association.
02.	Mr. Prashant Mehta	Managing Director	He is in charge of the day-to-day functioning and holds specific charge of production units of the Company. He has over 20 years of experience in jewellery business and is recognized as an authority in the production of Gold jewellery.
03.	Mr. Y Venu Madhava Reddy	Non Executive & Independent Director	Has an experience of over 17 years in Management and Administration. He advises the Board on administrative requirements.
04.	Mr. G. Shanker Prasad	Non Executive & Independent Director	Well known Practicing Company Secretary and Cost Accountant. He advises the Board with insight on Company Law-related and statutory matters.

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 an 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:**

	2011-2012	2010-2011
Return on Net Worth	20.73%	15.53%
PAT to Sales	1.65%	1.24%
Turnover (Times)/ Fixed Assets	329.91	280.82
Sales / Total Assets (Times)	2.09	1.90

b) **Revenues:**

The business operations of Rajesh Exports Ltd. for the year 2011-12 resulted in the Company achieving total revenue of 258503.30 as against Rs. 206228.62 Million during the previous year.

(Rs. in Million)

	2011-2012	2010-2011
Operating Revenue	256538.50	205337.63
Other Income	1954.80	890.99
Total Revenue	258503.30	206228.62

c) **Operating Income:**

Operating income (excluding other income) for the year 2011-2012 was Rs. 256538.50 Million as compared to Rs. 205337.63 Million in the previous year.

d) **Cost of Revenue:**

Cost of goods sold for 2011-2012 was Rs. 250045.98 Million as compared to Rs. 201539.53 Million in the previous year.

e) **Provision for Taxation:**

The provision for taxation for 2011-2012 was Rs. 194.52 Million as compared to Rs. 208.1 Million during the previous year.

f) **Debt:**

The Company as at 31st March 2012 had working capital facilities outstanding with the consortium of member Banks of Rs. 11,570.72. The Company has not availed any long term debt.

g) **Fixed Assets:**

The book value of fixed assets for the year ended 31.03.2012 after providing for depreciation was Rs.708.02 Million.

h) **Loans and Advances:**

The loans and advances as on 31st March 2012 were Rs. 5176.17 Million as compared to Rs. 4513.09 Million during the previous year

i) **Cash and Bank Balances:**

REL continues to be a cash positive Company. As on 31st March 2012 the Company had Rs. 78,548.32 Million (Net) as cash and bank balances.

h) **Current Liabilities:**

The current liabilities as on 31.03.2012 were Rs. 99750.98 Million.

For and on behalf of the Board

Sd/-

RAJESH MEHTA

Chairman

Place : Bangalore
Date : 30-5-2012

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	50 %	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. Y.Venu Madhava Reddy	2	50 %	1. Rajesh Global Solutions Ltd.	Nil	1. Audit Committee of Rajesh Global Solutions Ltd.
	2. Mr. G. Shanker Prasad			1. SME Development Centre 2. Gopichand Rohra & Associates P Ltd	Nil	2. Investor Grievance Committee of Rajesh Global Solutions Ltd. 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 2011-12, eight (8) board meetings were held on 02.04.2011, 30.05.2011, 02.07.2011, 12.08.2011, 17.09.2011, 14.11.2011, 21.01.2012 & 09.02.2012. The details of attendance of the Directors (including past directors) at the Meetings are as follows.

Name of the Director	Attendance at the board meetings.
Mr. Rajesh Mehta <i>Executive Chairman</i>	08
Mr. Prashant Mehta <i>Managing Director</i>	08
Mr. Y. Venu Madhava Reddy <i>Independent & Non-Executive Director</i>	05
Mr. G. Shanker Prasad <i>Independent & Non-Executive Director</i>	05
Mr. P. Siva Sankar* <i>Independent & Non-Executive Director</i>	07

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 comprised three non-executive Directors viz Mr. P Siva 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.

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

Members	Attendance
Mr. P. 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

* Mr. P. Shiv Shankar has since ceased to be a Director & Committee Member. Mr. Rajesh Mehta has since been appointed Member of Audit Committee.

RAJESH EXPORTS LIMITED

SHAREHOLDERS & INVESTOR GRIEVANCE COMMITTEE

The Shareholders and Investor Grievance Committee presently comprises 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 : 05

No. of complaints resolved : 05

No. of complaints pending : 00

The Committee is chaired by Mr. Y. Venu Madhava Reddy, who is a non executive director. The Committee had four meetings during the year.

SHAREHOLDERS & INVESTORS GRIEVANCE COMMITTEE

Members	Attendance
Mr. Y. Venu Madhava Reddy <i>Independent & Non-Executive Director</i>	04
Mr. G Shanker Prasad <i>Independent & Non-Executive Director</i>	04
Mr. Rajesh Mehta <i>Executive Director</i>	04

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 Meetings of the company held during last three years

Last 3 AGM's	Date/Time of AGM	Venue
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.
17th AGM	30th September 2011 @ 12.00 Noon.	Guru Raja Kalyana Mantap, Crescent Road Bangalore

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