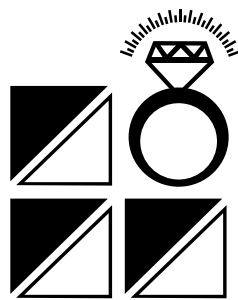


19<sup>th</sup>  
ANNUAL  
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**RAJESH EXPORTS LIMITED**

# RAJESH EXPORTS LIMITED

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## 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

## 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 - 641 006.

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 19th Annual General Meeting of the Members of **RAJESH EXPORTS LTD** will be held at the **Guru Raja Kalyana Mantap, No 21, Crescent Road, BANGALORE – 560 001**, on 30-09-2013 at 5.30 PM, to transact the following business.

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss account for the year ended 31st March 2013 and the Balance Sheet as at that date together with the reports of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Venu Madhava Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

### SPECIAL BUSINESS :

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. Rajesh Mehta be and is hereby re-appointed as the Executive Chairman of the Company for a further period of three years from 16-03-2013 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
6. 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 16-03-2013 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.

# RAJESH EXPORTS LIMITED

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

### Item No. 5 of the Agenda:

The term of appointment of Mr. Rajesh Mehta as the Executive Chairman of the Company has expired on March 15, 2013.

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. 6 of the Agenda:

The term of appointment of Mr. Prashant Mehta as the Managing Director of the Company has expired on March 15, 2013. 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 evolvement 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.

### 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 on 30-09-2012, notice of which will appear in the News Paper on 20-09-2013.
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 - 641 006.

(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 : 30-5-2013

### **PROFILE OF RETIRING DIRECTOR WHO OFFERS HIMSELF FOR REAPPOINTMENT:**

**Mr. Y. Venu Madhava Reddy**, aged about 42 years, has an experience of over 18 years in management and administration. The Board considers it necessary to reappoint Mr. Y Venu Madhava Reddy as a Director.



## DIRECTORS' REPORT

Your Directors have great pleasure in presenting their 19th Annual Report on the business and operations of the Company, for the financial year ended 31st March 2013.

### FINANCIAL RESULTS

	(Rs. in Millions) For the year ended 31.03.2013	(Rs. in Millions) For the year ended 31.03.2012
Profit Before Depreciation	4916.76	4339.48
Less : Depreciation	20.61	20.66
Profit after depreciation	4896.15	4318.82
Less : Provision for taxation	370.12	194.52
Deferred taxation for the year		
Profit after taxation	4526.03	4124.30
Add : Balance as per last account	2170.34	321.01
Profit available for appropriation	6696.37	4445.31
Less : Transfer to general reserves	670.00	2097.81
Less : Proposed dividend including tax on Dividend	295.26	177.16
Balance surplus transferred to Balance Sheet	5731.11	2170.34

### 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. 312286.46 million compared to that of Rs. 258503.30 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. 4896.15 million compared to Rs. 4318.82 million during the previous year. The Company has transferred an amount of Rs. 670.00 million to the general reserves. As a result, the total reserve of the Company has moved up to Rs. 23850.41 million.

### DIVIDEND

Your Directors have recommended a dividend of 100 % for the year ended 31.03.2013.

### AUDITORS

M/s V Siva Sankar & 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.

### 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. 246842.40 Million (Previous year: Rs. 231314.06 Million). The foreign exchange outgo on account of import of raw materials amounted to Rs. 307817.54 Million (Previous year: Rs. 249108.18 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.

# RAJESH EXPORTS LIMITED

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## 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 31.03.2013, the applicable accounting standards have been followed along with proper explanation relating to 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 31.03.2013 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 : 30-5-2013

**RAJESH MEHTA**  
*Chairman*

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## MANAGEMENT DISCUSSION AND ANALYSIS

Despite economic uncertainties experienced in developed countries, Indian economy is growing at 5-7 %. In line with the positive environment in this part of the world, our company has performed well during the year. Revenues for the year ended March 31, 2013 grew by 20.80%, compared to the last financial year, to Rs. 312286.46 Million. And it posted a record profit after tax of Rs 4526.04 million for the year.

The Company has achieved an impressive growth in its retail business, and SHUBH Jewellers has emerged as a household brand in the state of Karnataka. With a total of 80 retail stores, SHUBH Jewellers is the largest retailer of gold jewellery in the state of Karnataka, and has emerged as also the most trusted jewellery brand in the State. Company is confident that its team will ensure that in the near future SHUBH Jewellers would emerge as the largest retailer of jewellery in the country, due to the best Purity, Product and Price being offered by SHUBH Jewellers. Along with its export business, the retail business has emerged as a key driver of profitability for the company.

The company will be aggressively expanding its retail presence across the country. The Company has plans to open 34 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 2015.

The management and the team is working towards ensuring that the Company delivers high quality jewellery of the finest designs and accurate purity to the consumers at the lowest possible pricing. Our vision is to be the recognized performance leader in the Global jewellery market with the World's largest catalogue of jewellery designs. It means we will achieve operational excellence, customer satisfaction and superior marketing performance.



## 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 31.03.2013.

Sl. No.	Name	Designation	Profession
01.	<b>Mr. Rajesh Mehta</b>	Executive Chairman	He is responsible for the overall functioning of the company, in addition to being specifically in-charge of the finance and marketing functions. He has an experience of over twenty 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.	<b>Mr. Prashant Mehta</b>	Managing Director	He is in charge of the day-to-day functioning and holds specific charge of the production unit of REL. He has over 20 years of experience in jewellery business and is recognized as an authority in production of Gold jewellery.
03.	<b>Mr. Y Venu Madhava Reddy</b>	Non Executive & Independent Director	Has an experience of over 18 years in Management and Administration. He advises the Board on administrative requirements.
04.	<b>Mr. G. Shanker Prasad</b>	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.

# RAJESH EXPORTS LIMITED

## ANALYSIS OF FINANCIAL PERFORMANCE

a) **Key financial Indicators:**

	2012-2013	2011-2012
Return on Net Worth	18.75%	20.73%
PAT to Sales	1.46%	1.65%
Turnover (Times)/ Fixed Assets	449.79	329.91
Sales / Total Assets (Times)	2.25	2.09

b) **Revenues:**

The business operations of Rajesh Exports Ltd. for the year 2012-13 resulted in the Company achieving total revenue of Rs. 312286.46 Million as against Rs. 258503.30 Million during the previous year.

(Rs. in Million)

	2012-2013	2011-2012
Operating Revenue	310744.34	256538.50
Other Income	1542.12	1964.80
Total Revenue	312286.46	258503.30

c) **Operating Income:**

Operating income (excluding other income) for the year 2012-2013 is Rs. 310744.34 Million as compared to Rs. 256538.50 Million in the previous year.

d) **Cost of Revenue:**

Cost of goods sold for 2012-2013 is Rs. 304102.40 Million as compared to Rs. 250045.98 Million in the previous year.

e) **Provision for Taxation:**

The provision for taxation for 2012-2013 is Rs. 370.12 Million as compared to Rs. 194.52 Million during the previous year.

f) **Debt:**

The Company as at 31st March 2013 had working capital facilities outstanding with the consortium of member Banks of Rs. 7330.50 million. The Company has not availed any long term debt.

g) **Fixed Assets:**

The book value of fixed assets for the year ended 31.03.2013 after providing for depreciation is Rs.694.28 Million.

h) **Loans and Advances:**

The loans and advances as on 31st March 2013 were Rs. 4596.66 Million as compared to Rs. 5176.17 Million during the previous year.

i) **Cash and Bank Balances:**

REL continues to be a cash positive Company. As on 31st March 2013 the Company has Rs. 98457.63 Million (Net) as cash and bank balances.

h) **Current Liabilities:**

The current liabilities as on 31.03.2013 are Rs. 114168.99 Million.

For and on behalf of the Board

Sd/-

**RAJESH MEHTA**

Chairman

Place : Bangalore

Date : 30-5-2013





## 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. Investor Grievance Committee of Rajesh Global Solutions Ltd.
				2. Gopichand Rohra & Associates P Ltd	Nil	Nil

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

# RAJESH EXPORTS LIMITED

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## BOARD MEETINGS

During the year 2012-13, eleven (11) board meetings were held on 08.05.2012, 30.05.2012, 05.07.2012, 13.07.2012, 14.08.2012, 15.09.2012, 25.09.2012, 13.10.2012, 14.11.2012, 05.01.2013 & 13.02.2013. 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>	11
Mr. Prashant Mehta <i>Managing Director</i>	11
Mr. Y. Venu Madhava Reddy <i>Independent &amp; Non-Executive Director</i>	08
Mr. G. Shanker Prasad <i>Independent &amp; Non-Executive Director</i>	09

## 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 presently comprises one executive Director viz Mr. Rajesh Mehta, and two non-executive Directors viz 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. Y. Venu Madhava Reddy <i>Independent &amp; Non-Executive Director</i>	04
Mr. G. Shanker Prasad <i>Independent &amp; Non-Executive Director</i>	04
Mr. Rajesh Mehta <i>Executive Director</i>	04