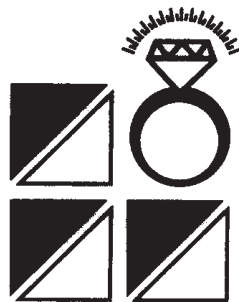


11th

ANNUAL
REPORT

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RAJESH EXPORTS LIMITED



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RAJESH EXPORTS LIMITED

Board of Directors

SHRI RAJESH MEHTA	<i>Executive Chairman</i>
SHRI PRASHANT MEHTA	<i>Managing Director</i>
SHRI P. SHIVASHANKAR	<i>Director</i>
SHRI VENU MADHAV REDDY	<i>Director</i>
SHRI G. SHANKER PRASAD	<i>Director</i>

Auditors

M/S. P.K. RUNGTA & CO.
Chartered Accountants
Jyothi Complex
Infantry Road
Bangalore.

Company Secretary

SHRI P.S. VAIDYANATHAN

Bankers

Canara Bank
State Bank of India
HSBC
UCO Bank

Regd. Office

No.4, Batavia Chambers
Kumara Krupa Road
Kumara Park East
BANGALORE - 560 001.
Tel No. : 91-80-22266735
Fax : 91-80-22259503
E-mail : corpcomm@rajeshindia.com

Share Transfer Agents

M/s. S.K.D.C. CONSULTANTS LIMITED
P.B. No. 2979, 11, S N Layout,
Street No.1, (West Power House Road)
COIMBATORE - 641 012
Telephone : (0422) 5549995
Fax : (0422) 2499574
E-mail : info@skdcconsultants.com



NOTICE

NOTICE is hereby given that the 11th Annual General Meeting of the Members of **RAJESH EXPORTS LIMITED** will be held at **4.30 P.M. on Saturday the 13th August 2005 at The Mini Hall, Hotel Woodlands, No.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 2005 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. P. Shiva Shankar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Prashant Mehta, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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 94 of Companies Act 1956, and all other applicable provisions if any of the Companies Act 1956, and subject the approvals of any other authority/ies as may be necessary, the face value of company's equity shares of Rs.10 each be and is hereby split into a face value of Rs.2/Share.

"RESOLVED FURTHER that Mr.Rajesh Mehta, Chairman and Mr. Prashant Mehta, Managing Director be and are hereby authorized either jointly or severally to do all such acts, deeds or things as may be required in connection therewith.

"RESOLVED FURTHER that Clause VI of the Memorandum of Association of the company be and is hereby amended as follows :

- VI. The share capital of the Company is Rs.7,50,00,000/- (Rupees Seven Crores Fifty lakhs) divided into Three Crores Seventy Five Lakhs equity shares of Rs.2 (Rupees Two) each

Pursuant to the proposed change in the face value of the equity shares of the company from the existing Rs.10/- per share to Rs.2/- share, Consequential changes are required to be made in the Articles of Association of the company.

This resolution seeks to substitute the existing Clause VI of the Memorandum of association of the Company.

Your Directors may be deemed to concerned or interested in the resolution, to the extent of their share holding.

Explanatory statement under section 173(2) of the Companies Act, 1956 for Item No. 6

The Board of Directors at their meeting held on 21.06.2005 had recommended splitting of shares of the Company from the existing face value of Rs.10/share to Rs.2/share for the followign reasons.

1. To enable smaller investors to have more access to the shares of the company.
2. To increase the liquidity of the Company's stock in the stock markets.

As the stock split is in the long term interest of the share holders, your Directors command the resolution for adoption by Members.

By order of the Board
for **RAJESH EXPORTS LIMITED**

RAJESH MEHTA
Chairman

Place : Bangalore
Date : 21-06-2005

RAJESH EXPORTS LIMITED

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 09.08.2005 to 13.08.2005 (both days inclusive).
4. It is suggested for the convenience of the Members that they inform the Company about their bank account numbers, name of bank (also address of the bank if they desire that the warrant be mailed to the bank directly) to enable printing of these particulars on the dividend warrant as a measure of abundant caution and to minimise loss due to warrants falling into improper hands through forgery and fraud.
5. Members seeking any information with regard to accounts are requested to write to the company early so as to enable the management to keep 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 :

SKDC CONSULTANTS LTD

PB No. 2979, No.11, Street No.1

S.N.Layout, Tatabad

West Power House Road

Coimbatore - 641 012.

Phone : (0422) 5549995

Fax : (0422) 2499574

E-mail : info@skdcconsultants.com

Details of retiring Directors who offer themselves for reappointment.

1. Mr. Prashanth Mehta, aged around 42 years has a vast experience of over 20 years in the Jewellery Business. He is in charge of the day to day functioning of the company and Holds the specific charge of manufacturing process and Research and Development. The board considers it reappropriate for the appointment of Mr.Prashant Mehta.
2. Mr.P. Shiva Shankar, aged around 42 years is a tax planner and tax consultant by profession and advises the company on taxation matters. The board considers it appropriate for the reappointment of Mr.P. Shiva Shankar.



DIRECTORS' REPORT

Your Directors have pleasure in presenting their 11th Annual Report on the business and operations of the Company for the financial year ended 31st March 2005.

FINANCIAL RESULTS

	(Rs. in Lakhs)	(Rs. in Lakhs)
	For the Year ending 31.03.2005	For the Year ending 31.03.2004
Profit before depreciation	4443.64	2632.29
Less : Depreciation	135.13	134.58
Profit after depreciation	4308.51	2497.71
Less : Provision for Taxation Deferred taxation for the year	—	0.43 (233.92)
Profit after Taxation	4308.51	2731.20
Add : Balance as per last account	802.61	191.64
Profit available for appropriation	5111.11	2922.84
Less : Transferred To General Reserve	3000.00	2000.00
Less : Proposed dividend including tax on Dividend Including interim dividend and tax on interim dividend)	795.95	120.23
Balance Surplus Transferred to Balance Sheet	1314.87	802.62

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. 4247.13 Crores compared to that of Rs.3052.53 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.43.08 Crores which is 58% higher than that of previous year. The Company has transferred an amount of Rs.30 Crores to General Reserve. As a result, the total general reserve of the Company has moved up to 141.15 Crores.

DIVIDEND

Keeping in view the phenomenal growth of the Company, your Directors have recommended a total dividend of 100%, which includes 35% interim dividend which is already paid to the share holders and 65% as final dividend, which will be paid to the shareholders, subject to their approval at the Annual General Meeting.

Company's (Disclosure of particulars in the report of Board of Directors) Rules, 1988

A) Particulars of Employees

During the year under review, there were no employees who were drawing a remuneration in excess of Rs.24 lakhs per annum or Rs,2,00,000/- per month, if employed for a part of the year.

B) Conservation of Energy

Your Company is making all efforts in conservation of energy, such as recycling of domestic wastes and generation of bio gas, which is useful for cooking purpose. The Company is in the process of installing a water recycling plant, at its manufacturing unit.

C) Research Development and Technology Absorption,

Your Company has set up an in house research and development facility which utilises indigenous technology and man power for developing internationally acclaimed jewellery designs and jewellery manufacturing techniques. This facility has enabled the Company in increased export orders, which are diverse in design and purity specifications.

RAJESH EXPORTS LIMITED

CORPORATE GOVERNANCE

The Report of the Directors on Corporate Governance is furnished separately and appended as an Annexure to this report.

DIRECTORS

MR Siva Shankar and Mr. Prashant Mehta, Directors of your Company, retire by rotation and being eligible, offer themselves for re-appointment.

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 31.03.2005, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- 2) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year under review and of the profit of the Company for that period.
- 3) 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 31.03.2005 on a "Going Concern" basis,

AUDITORS

M/S P.K. Rungta & Company, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for reappointment.

LISTING

The Shares of the Company continue to be listed at the National Stock Exchange of India Ltd., Mumbai and The Stock Exchange, Mumbai. The annual listing fees for National Stock Exchange of India Ltd and Bombay Stock Exchange have been paid

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation towards employee Co-operation, 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 India, HSBC and UCO Bank. Your Directors also thank the shareholders for their continued patronage and support.

For and on behalf of the Board

Place : Bangalore
Date : 16.05.2005

RAJESH MEHTA
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Rajesh Exports Ltd. (REL) artfully combines young and experienced to outline dynamic plans for the future development of the Company. It aims to consolidate its status as a leading gold jewellery manufacturer by increasing its global and domestic market share and by achieving the maximum potential in jewellery trade.

Currently REL sources raw material in raw and refined form from leading gold refineries of the world. The raw material is converted into world class gold jewellery at the Companies manufacturing facility. REL is currently focussing on Plain gold Jewellery and Designer gold jewellery. This finished product is exported to leading wholesalers across the world and supplied to most of the leading jewellers in the domestic market. To achieve its growth objectives, REL has prepared business strategies for the future which would ensure the Company a major share of global jewellery business.

A) Export :

Unquestionably, REL is the largest exporter of gold jewellery in the Country. Apart from increasing its share of business with the existing wholesalers in different parts of the world, REL is concurrently working towards collaborating strategic alliances with leading retail names in Europe and USA for marketing of its products.

B) Branded Jewellery :

REL has set up a separate division in its manufacturing facility to create and produce exceptional and distinctive quality branded jewellery. The distribution of branded gold jewellery will take place through leading retailers in the domestic market and established retailers in the international market. The Company has already received sizable export orders for the export of branded gold jewellery.

C) Diamond Jewellery :

REL has completed plans to launch a vast range of branded diamond studded jewellery of international quality in order to establish world class excellence in the domestic market through leading retailers. REL would also market its branded diamond jewellery through the leading retail names in the international market. The designing and the manufacture of diamond studded jewellery range have already commenced.

D) Retailing :

REL plans to enter into the domestic retail market by opening 100 retail outlets in the four states of South India. REL is planning to invest a sum of Rs.350 crores for this domestic retail business, which will be materialised in the second half of the next financial year. The retail stores would be a unique experience for retail customers in terms of services of international standards and a range of finest quality jewellery that money can buy at affordable prices.

RAJESH EXPORTS LIMITED

MANAGEMENT:

The following is the composition of the Board of Directors of the Company as on 31.03.2005.

Sl.No.	Name	Designation	Profession
01.	Mr.Rajesh Mehta	Executive Chairman	Rich and varied experience of over two decades in functioning and management of jewellery trade.
02.	Mr.Prashanth Mehta	Managing Director	Over 20 years of rich and diverse experience in jewellery production, and marketing.
03.	Mr. P. Shiva Shankar	Director	Leading Tax Consultant
04.	Mr.Venu Madhava Reddy	Director	Has an experience of over 10 years in management and administration.
05.	Mr.G.Shanker Prasad	Director	Well known practising Company Secretary. He is also a Cost Accountant

The Board of Directors are efficiently supported in the day to day functioning by a team of qualified professionals with considerable experience in their respective fields.

Human Resources :

REL has developed a network of employees who are highly experienced in the jewellery industry. Effectively supervised by senior executives, the Company has a well developed hierarchy in place to manage its affairs and to accomplish key pre-planned growth prospects. A human resource policy that has been well planned ensures maximum benefits for those recruited at REL. The Company has jewellery designers, artisans, technicians, administrative and accounting personnel that are one of the best in the industry and provides them with good working conditions.

Infrastructure :

In terms of innovations in the field of technology, REL has setup infrastructure which is comparable to the best in the world. The Company has constructed one of the most technically advanced jewellery manufacturing facilities in the world which has an installed annual production capacity to process 250 tons of world class gold jewellery. The advanced equipment at the plant produces cost-effective solutions which has yielded some of the best jewellery solutions in the world. Teams of skilled and trained work force crafts some of the finest hand made jewellery available in the world. Combining forethought and enhancement, the Company has provided spacious residential facilities to the artisans, and their families, to live in comfort at the jewellery park itself. The artisan families are provided with the best of recreational and healthcare facilities at the jewellery park.

Marketing :

REL Ltd has a strong global network which is inter linked and operates effortlessly, with presence in the USA, Europe, Middle East and Singapore. The company have partnered strategic and successful alliances with leading jewellery wholesalers in these regions for the distribution of high quality gold jewellery. The Company also has a wide spread domestic marketing network across the four southern states of India.

ANALYSIS OF THE FINANCIAL PERFORMANCE :

a) KEY FINANCIAL INDICATORS

	2004-2005	2003-2004
Return on Networth	29.08%	24.18%
PAT by Sales	1.06%	0.91%
Fixed Assets Turnover (Times)	84.07	84.06
Sales / Total Assets Ratio	4.85	6.29



b) REVENUES

The business operations of Rajesh Exports Limited for the year 2004-05 resulted in the company achieving a revenue of Rs. 4247.12 Crores as against Rs.3052.53 Crores during the previous year. The operating revenue for the year (Revenue less other Income) is Rs.4246.81 Crores.

YEAR	2004-2005 Rs. in Crores	2003-2004 Rs. in Crores
Operating Revenue	4246.81	3050.15
Other Income	0.32	2.38
Total Revenue	4247.13	3052.53

c) OPERATING INCOME:

Operating income (excluding other income) for 2004.2005 is Rs.4246.81 Crores

d) COST OF REVENUE :

Cost of goods sold for 2004-05 is Rs. 4047.39 Crores as compared to Rs.3006.49 Crores in the previous year.

e) PROVISION FOR TAXATION :

The provision for taxation for 2004-2005 is Nil as compared to Rs 2.33 Crores during the previous year.

f) DEBT:

The company as at 31st March, 2005 has the following term loan and working capital facilities outstanding with the consortium member banks.

Term Loan :	Rs in Crores
a) Canara Bank / UCO Bank	11.81
Working Capital :	
a) Canara Bank, SBI , HSBC and UCO Bank	114.08
Total	125.89

Notes : 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 capital expenditure for 2004-2005 is Rs.1413.56 Lacs . During the year REL has added fixed assets, keeping in view of the proposals for expansion of the operations of the Company.

h) CURRENT ASSETS, LOANS AND ADVANCES :

Receivable :

	31.03.2005 Rs. in Crores	31.03.2004 Rs. in Crores
Sundry Debtors (Unsecured, Considered good)		
Debts outstanding for more than 6 months	9.23	8.07
Debts outstanding for less than 6 months	101.27	194.02
Provision for Doubtful Debts	-	-
TOTAL	110.50	202.09

RAJESH EXPORTS LIMITED

The receivables outstanding as on 31.03.2005 is Rs.110.51 as compared to Rs.202.09 Crores during the year 2003.04. All the debts of the company are considered good. The receivable period for the year 2004.05 is less than 10 days.

i) LOANS AND ADVANCES :

The loans and advances as on 31st March. 2005 were Rs.30.78 Crores as compared to Rs 10.66 Crores during the previous year.

j) CASH AND BANK BALANCES :

REL continues to be a cash positive company. As on 31st March 2005, the company has Rs. 585.85 Crores (net) as cash and bank balances.

k) CURRENT LIABILITIES :

The current liabilities as on 31.03.2005 is Rs.47.51 Crores as compared to Rs. 70.28 Crores during the previous year.



CORPORATE GOVERNANCE

Rajesh Exports Ltd recognises the ideals and importance of corporate governance and acknowledges its responsibilities towards all its share holders, employees, customers and regulatory authorities. The Company aims to attain the highest levels of transparency and accountability to all its share holders by implementing the corporate governance thereby enhancing the value of the share holders and their Company.

BOARD OF DIRECTORS

The composition of the Board of Directors of the Comapany is as follows :

Category	Names of Directors	Number of Directors	Composition %	No. of Directorship's in other Companies	No. of Chairmanships in other Companies	No. of Memberships in Committes in other Companies
Promoter Executive Chairman	1.Mr. Rajesh Mehta	2	40%	1. Rajesh Global (RGSL) Solutions Limited 2. Astalakshmi Marketing Pvt Ltd. 3. Rajesh Jewels	Nil	1. Shareholders and investor grievance committee of RGSL
Managing Director	2. Mr.Prashant Mehta			1. Rajesh Global Solutions Limited 2. Astalakshmi Markeing Pvt. Ltd.	Nil	1. Audit Committee of RGSL
Independent & Non Executive Directors	1. Mr. P.Siva Shankar	3	60%	1. Rajesh Global Solutions Limited 2. SDS Futura Blocks Pvt. Ltd.	Nil	1. Audit Committe of RGSL 2. Investor Grievance Committee of RGSL
	2. Mr.Venu Madhava Reddy			1. Rajesh Global Solutions Limited	Nil	1. Audit Committe of RGSL 2. Investor Grievance Committee of RGSL
	3. Mr. G. Shanker Prasad			1. Gopichand Rohra and Associates Pvt.Ltd. 2. ABN Granites Ltd.	Nil	— —

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

BOARD MEETINGS

During the year 2004-05, eleven board meetings were held on the following dates.

29.06.2004, 28.07.2004, 20.08.2004, 25.09.2004, 13.10.2004, 22.10.2004, 13.12.2004, 1.01.2005, 18.02.2005, 10.03.2005 & 28.03.2005.

RAJESH EXPORTS LIMITED

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

Name of the Director	Attendance at the Board Meetings
Mr. Rajesh Mehta Executive Chairman	11
Mr. Prashant Mehta Managing Director	11
Mr. P. Shiva Shankar Independent & Non-Executive Director	11
Mr. Venu Madhava Reddy Independent & Non-Executive Director	11
Mr. G. Shankar Prasad Independent & Non-Executive Director	11

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.Shiv Shankar, Mr.G. Shankar 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 the paragraph c & d of Clause 51 (ii) of listing Agreement entered into with the Stock Exchanges inter-alia includes the following:

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

AUDIT & COMPLIANCE COMMITTEE

The audit committee of the Company met four times during the year.

MEMBERS	ATTENDANCE
1) Mr. Shiv Shankar Independent, Non-Executive Director	04
2) Mr. G. Shanker Prasad Independent, Non-Executive Director	04
3) Mr. Venu Madhav Reddy Independent, Non-Executive Director	04

REMUNERATION OF DIRECTORS:

Directors remuneration includes remuneration paid to Executive Chairman, Mr. Rajesh Mehta and Managing Director Mr. Prashant Mehta amounting to Rs. 2,39,976/- per annum. No other directors receive any remuneration from the Company.

SHAREHOLDERS & INVESTOR GRIEVANCE COMMITTEE

The Shareholders and Investors Grievance committee comprises of Mr. Venu Madhav Reddy, Mr, P. Shiva Shankar and Mr. Rajesh Mehta. The Committee approves and monitors transfers, transmissions, dematerialization, 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 investors complaints received during the year : Nil
 No. of complaints resolved : N.A.
 No. of complaints pending : Nil

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

The Committee has met four times during the year.

SHAREHOLDERS & INVESTORS GRIEVANCE COMMITTEE

MEMBERS	ATTENDANCE
1) Mr. Venu Madhav Reddy Independent, Non-Executive Director	04
2) Mr. Shiva Shankar Independent, Non-Executive Director	04
3) Mr. Rajesh Mehta Executive Director	04

INVESTOR HELPDESK

Share transfers, dividend payments and all other investor related activities are attended to and processed at the office of our Registrars and Transfer Agents. For lodgment of transfer deeds and any other documents or for any grievances / complaints kindly contact at the following address :-

M/S. S.K.D.C. CONSULTANTS LTD.

P.B.No, 2979, No. 11, Seth Narayandoss Layout, Street No.1, (West Power House Road), COIMBATORE-641 102
 Telephone; (0422) 5549995 FAX : (0422) 2499574. E-mail : info@skdc-consultants.com

The powers to approve share transfers and dematerialization requests have also been delegated to some of the executives of the Company to avoid delays that may arise due to non-availability of the members of the Share Holders and Investor Grievance Committee.

Name of the Compliance Officer : Mr. P.S. Vaidhyanathan

All the share transfers received up to 31st March 2005 have been processed.

No penalties or strictures were imposed on the Company by any of the Stock Exchange, Securities and Exchange Board of India or any statutory authority, on any matter related to capital market, during the last three years.

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2005

Value (In Rs.)	No. of share holders	%	Amount (Rs.)	%
Upto 5,000	2154	70.30	27,25,870	3.89
5,001 to 10,000	641	20.92	45,08,240	6.44
10,001 to 20,000	161	5.25	25,64,550	3.66
20,001 to 30,000	34	1.11	8,44,280	1.21
30,001 to 40,000	17	0.55	5,74,800	0.82
40,001 to 50,000	13	0.42	5,92,890	0.85
50,001 to 1,00,000	13	0.42	8,45,690	1.21
1,00,001 and above	31	1.01	5,73,54,680	81.92
TOTAL	3064	100.00	7,00,11,000	100

CATEGORIES OF SHAREHOLDERS AS ON 31ST MARCH 2005

CATEGORY	NO. OF SHARES	%
Promoters	45,43,106	64.891
Foreign Institutional Investors	5,76,686	8.237
Private Corporate Bodies	3,16,865	4.526
Indian Public	15,46,528	22.090
NRI's / OCB's	17,915	0.256
Total	70,01,100	100

RAJESH EXPORTS LIMITED

DETAILS OF PREVIOUS AGM'S

Last 3 AGMs	Date of AGM	Venue
8th AGM	25th September 2002	Mini Hall, Hotel Woodlands, Raja Ram Mohan Roy Road Bangalore
9th AGM	25th September 2003	Mini Hall, Hotel Woodlands, Raja Ram Mohan Roy Road Bangalore
10th AGM	25th September 2004	Mini Hall, Hotel Woodlands, Raja Ram Mohan Roy Road Bangalore

MONTHLY HIGH AND LOW QUOTATION AND VOLUME OF SHARES TRADED FROM 1.04.2004 TO 31.03.2005

ON NATIONAL STOCK EXCHANGE OF INDIA LTD, MUMBAI (NSE)

PERIOD	Highest Quotation in Inr	Lowest Quotation in Inr	Volume of Shares Traded	Turnover in Lakhs (in Rs.)
April, 2004	152.50	146.60	39,123	58.34
May, 2004	151.95	126.70	12,050	17.93
June, 2004	134.00	125.00	16,818	21.56
July, 2004	179.00	137.50	90,761	143.13
August, 2004	172.00	153.00	36,830	58.97
September, 2004	170.00	144.00	95,432	145.25
October, 2004	201.00	152.00	5,01,926	878.26
November, 2004	275.00	199.00	11,05,669	2715.51
December, 2004	302.90	248.00	09,55,023	2692.23
January, 2005	352.95	283.10	06,30,693	1980.77
February, 2005	438.10	326.90	08,64,765	3184.59
March, 2005	623.80	426.80	09,59,173	5224.06

ON THE STOCK EXCHANGE, MUMBAI (BSE)

PERIOD	Highest Quotation in Inr	Lowest Quotation in Inr	Volume of Shares Traded	Turnover in Lakhs (in Rs.)
April, 2004	153.75	145.00	48,126	71.93
May, 2004	152.00	124.40	34,760	50.71
June, 2004	132.85	123.00	29726	38.17
July, 2004	179.00	136.50	1,33,837	212.24
August, 2004	170.50	148.50	91,251	145.50
September, 2004	168.10	141.00	1,85,938	284.99
October, 2004	202.00	147.00	3,22,080	547.86
November, 2004	275.00	199.00	4,05,934	997.36
December, 2004	303.00	250.10	5,56,843	1558.34
January, 2005	355.00	283.20	5,56,926	1741.12
February, 2005	436.10	327.25	14,77,038	5288.35

**DISCLOSURE :**

Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its Promoters, Director or the Management personnel, subsidiaries or relatives that may have potential conflict with the interest of the Company is NIL.

MEANS OF COMMUNICATION :

The Companies quarterly and half yearly un-audited results and audited annual results were published in all the leading print media, both in English and regional languages having nation wide circulation and also through various information notices sent to Stock Exchanges about the latest developments in the Company. Our company's website i.e. www.rajeshindia.com is regularly updated regarding the corporate actions undertaken by the Company. The Company has been filing the information statements and reports on SEBI's Electronic Data Information Filing and Retrieval (EDIFAR) site that is accessible to public at <http://sebidifar.nic.in>.

The Management discussion and analysis also forms a part of the Directors Report.

FINANCIAL CALENDAR FOR THE YEAR 2004-05

Financial year 1st April 2004 to 31st March 2005	
Board Meeting for considering audited Accounts and recommendation of dividend	29.06.2004
Board Meeting for considering Un-audited results for the first quarter	28.07.2004
Board Meeting for considering Un-audited results for the Second quarter	13.10.2004
Board Meeting for considering Un-audited results for the third quarter	10.01.2005
Board Meeting for considering audited results for the financial year ended 31.03.2005 and recommendation Dividend	16.05.2005
Posting of Annual Report	18.07.2005
Book Closure dates	9.08.2005 to 13.08.2005
Last date for receipt of proxy forms	11.08.2005 (Upto 4.30 PM)
DATE OF AGM	13.08.2005
Probable date for dispatch of Dividend Warrants	20.08.2005

SPLITTING OF STOCK :

The Board of Directors of the Company at their meeting held on 21.06.2005 had recommended for the splitting the stock of the Company from the current face value of Rs.10/- shre to Rs.2/- Sahre, there by increasing the share capital of the Company (in terms of number of shares) from 70,01,100 shares to 3,50,05,500 shares of Rs.2 each. This recommendation is in the interest of the share holders, as it will increase the liquidity of the Company's stock in the stock market and will also enable smaller investors to invest in the companies stock. This recommendation of the Board of Directors will be placed before the members for their approval at the Annual General Meeting.

ADDITIONAL INFORMATION :

	No. of Shares	% of holding
No. of shares held in CDSL	: 3,37,564	4.82
No. of shares held in NSDL	: 57,14,199	81.62
Total No. of shares held in DE-Mat form	: 60,51,763	86.44
No. of shares held in Physical form	: 9,49,337	13.56
Grand Total	: 70,01,100	100

DELISTING OF SHARES :

The company had forwarded applications to Bangalore Stock Exchange Limited and Ahmedabad Stock Exchange Limited regarding Delisting of its Shares from these Exchanges.

RAJESH EXPORTS LIMITED

AUDITORS' CERTIFICATE

To The Members,

RAJESH EXPORTS LTD.,

We have read the report of the Board of Directors of Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by Rajesh Exports Limited, for the year ended 31st March, 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of condition of Corporate Governance is the responsibility of the management. Our examination was conducted in the manner described in the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and was limited to procedures and implementations thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to best of our information and according to the explanations given to us, subject to :

1. our reliance upon the certificate received by the Company from its Registrar for the number of complaints received from the shareholders and the number of complaints resolved during the financial year and that there are no share transfers pending as at the year end as stated in Company's report on the Corporate Governance.
2. our having relied on the representation of the management that there were no transactions of material nature with the management or their relatives that may have potential conflict with the interest of the Company at large ;

We certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **P.K. RUNGTA & CO.,**
Chartered Accountant

Place : Bangalore
Date : 24th June, 2005

(P.K. RUNGTA)
Proprietor



AUDITOR'S REPORT

To,

The Members,
M/s. Rajesh Exports Ltd.,
BANGALORE.

We have audited the attached Balance Sheet of M/s. RAJESH EXPORTS LIMITED, as at 31st March 2005, and also the Profit and Loss account and cash flow statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows :

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks and verifications of the books of accounts as we considered necessary and to the best of our knowledge and according to the information and explanations given to us during the course of audit, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order :
2. Further to our comments in the Annexure referred to in paragraph 1 above.
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of accounts as required by Law have been kept by the company so far as appears from our examination of the books.
 - c. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
 - d. In our opinion, the Cash Flow Statement the Balance Sheet and Profit and Loss Account comply with the Mandatory Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 except if other wise stated in Schedule "R" annexed to the audited accounts.
 - e. On the basis of the written representation received from the Directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2005 from being appointed as Directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our knowledge and according to the informations and explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and subject to Note under Para 'Retirement Benefits' under Para A 'Significant Accounting Policies' and Note No.16 to Para B 'Notes on accounts' regarding Bad Debts of Rs.59,95,25,589/- written off read with other notes in Schedule 'R' give a true and fair view.
 - i) In the case of the Balance Sheet of the State of Affairs of the company as at 31st March, 2005.
 - ii) In the case of the Profit and Loss Account, of the profit of the company for the year ended on that date.

AND

- iii) In the case of Cash Flow Statement, Cash Flow of the company for the year ended on that date.

For **P.K. RUNGTA & CO.,**
Chartered Accountants

Place : Bangalore
Date : 16th May, 2005

(P.K. RUNGTA)
Proprietor

RAJESH EXPORTS LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE REPORT OF EVEN DATE OF THE AUDITOR'S TO THE MEMBERS OF RAJESH EXPORTS LIMITED, BANGALORE ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2005.

1. The Company has maintained proper records, showing full particulars including quantitative details and situation of Fixed Assets *but identification mark on the individual assets is not displayed*. The company has drawn up a programme of physical verification of Fixed Assets which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Fixed Assets were physically verified by the Management during the year. and no material discrepancies have been noticed on physical verification. Substantial part of the fixed assets has not been disposed off during the year.

2. As explained to us, inventories have been physically verified by the management at regular intervals during the year.

In our opinion and according to the information and explanations given to us, the procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

The company has maintained proper records of inventories. As explained to us, there were no discrepancies noticed on physical verification of inventory as compared to the book records.

3. As per the information and explanations furnished by the Management, the company has not granted any loans to the companies or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

The Company has taken loans from the companies or other parties listed in the register maintained under section 301 of the Companies Act, 1956. These loans were taken from three parties and to the extent of Rs.19,01,15,900/-. The rate of interest and other terms and conditions of these loans taken are not prima facie prejudicial to the interest of the Company. The payment of principle amount and interest thereon are also regular wherever stipulated.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.

5. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time. In our opinion, the transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

6. The company has not accepted deposits from the public and therefore, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act 1956 and the rules framed there under, where applicable, have been complied with. The Company Law Board has not passed any order with regard to public deposits.

7. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.

8. Central Government has prescribed maintenance of Cost Records under section 209 (1) (d) of the Companies Act, 1956 in respect of the manufacturing activities of the company. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the same.



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9. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund/ Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Excise Duty, Customs Duty, cess and other statutory dues as applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding at the year end for a period of more than six months from the date they became payable. Based on information and explanations given to us, there are no disputed Sales Tax/ Income-tax /Excise Duty/ Customs Duty/ Service Tax/ cess liabilities that have not been deposited.
 10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediate preceding financial year.
 11. As per information furnished by the management, the company has not defaulted in repayment of dues to banks, financial Institutions and debenture holders.
 12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. The company is not a chit fund or a nidhi/mutual benefit fund/society and hence clause 4 (xiii) of Companies (Auditor's Report) Order 2003 is not applicable to the company.
 14. In our opinion, the Company is not a dealer or a trader in shares, securities, debentures and other investments.
 15. The company has not given guarantees for loans taken by others from banks or financial institutions.
 16. The term loans raised by the company were applied for the purpose for which they were raised.
 17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the company and vice-versa.
 18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the, register maintained under section 301 of the Companies Act, 1956.
 19. The company has not issued debentures and therefore the question of creation of securities in respect of debentures does not arise.
 20. The Company has not raised any money through a public issue during the year.
 21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **P.K. RUNGTA & CO.,**
Chartered Accountants

Place : Bangalore
Date : 16th May, 2005

(P.K. RUNGTA)
Proprietor

RAJESH EXPORTS LIMITED

BALANCE SHEET AS AT 31.03.2005

	SCHEDULE	AS AT 31.03.2005	AS AT 31.03.2004
		Rs.	Rs.
I. SOURCES OF FUNDS			
1. SHARE HOLDERS FUNDS			
a. Share Capital	A	70,011,000	70,011,000
b. Reserves & Surplus	B	1,411,531,681	1,060,305,540
		1,481,542,681	
2. LOAN FUNDS			
Secured Loans from banks			
Term Loan and Working Capital	C	1,258,912,762	1,740,015,212
Secured Loans from banks against Fixed Deposits	D	4,972,469,627	1,186,389,270
3. UNSECURED LOANS	E	190,115,900	
		7,903,040,970	4,056,721,022
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
Gross Block		530,145,001	393,142,757
Less : Depreciation		50,486,394	37,693,563
NET BLOCK	F	479,658,607	355,449,194
Work in Progress		2,857,979	—
2. INVESTMENTS	G	50,345,400	50,228,400
3. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories	H	565,621,781	764,823,381
b. Sundry Debtors	I	1,105,072,589	2,020,870,479
c. Cash & Bank Balances*	J	5,858,548,156	1,452,505,821
d. Loans and Advances	K	307,833,637	106,622,923
		7,837,076,163	4,344,822,604
Less : Current Liabilities* & Provisions	L	475,120,564	702,777,941
NET CURRENT ASSETS		7,361,955,599	3,642,044,663
4. DEFERRED TAX ASSET		8,223,385	8,223,385
5. MISCELLANEOUS EXPENDITURE	M	—	775,380
		7,903,040,970	4,056,721,022

* Excludes Fixed Deposit with Banks of Rs.19,28,26,19,146/- (Previous Year Rs.27,51,46,74,585/- given as margin for Letters of credit for imports which are netted off with Letters of Credit Liability.

Schedule 'A' to 'R' enclosed herewith form the integral parts of the accounts.

For and on behalf of the Board

As per our Report of even date
For **P.K. RUNGTA & CO.**,
Chartered Accountants

RAJESH MEHTA
Chairman

PRASHANT MEHTA
Managing Director

P.S. VAIDYANATHAN
Company Secretary

P.K. RUNGTA
Proprietor

Place : Bangalore
Date : 16-5-2005



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2005

	SCHEDULE	2004-2005	2003-2004
		Rs.	Rs.
INCOME			
Income from Operations* (Refer Note 7 in Schedule 'R')		42,468,124,659	30,501,479,215
Other Income	N	3,200,503	23,844,280
Total		42,471,325,162	30,525,323,495
EXPENDITURE			
Cost of Goods Sold	O	40,473,949,336	30,064,851,467
Manufacturing, Administrative & Selling Expenses	P	1,121,866,270	74,035,395
Interest	Q	430,369,805	122,410,897
Depreciation		13,513,418	13,458,430
Preliminary, Pre-operative and Public Issue expenses written off		775,380	796,791
Total		42,040,474,209	30,275,552,980
Profit for the year before Tax		430,850,953	249,770,515
Provision for Taxation for the year		—	—
Income Tax for Earlier Years		—	42,907
Deferred Taxation for the year		—	(23,392,420)
Profit for the year after Tax		430,850,953	273,120,028
Balance as per last account		80,261,540	19,164,470
		511,112,493	292,284,498
<i>Less</i> : Proposed Dividend		45,507,150.00	10,657,470
Tax on Dividend		6,382,378.00	1,365,488
Interim dividend 04-05		24,503,977	—
Tax on Interim Dividend		3,202,363	—
Dividend tax for earlier year		28,944	—
<i>Less</i> : Transferred to General Reserve		300,000,000	200,000,000
Balance carried to Balance Sheet		131,487,681	80,261,540
Earning per share - Basic and diluted (As per Equity share of Rs.10 each) (Refer Note 15 of Schedule R)		61.54	39.01

Schedule 'A' to 'R' enclosed herewith form the integral parts of the accounts.

For and on behalf of the Board

As per our Report of even date
For **P.K. RUNGTA & CO.**,
Chartered Accountants

RAJESH MEHTA
Chairman

PRASHANT MEHTA
Managing Director

P.S. VAIDYANATHAN
Company Secretary

P.K. RUNGTA
Proprietor

Place : Bangalore
Date : 16-5-2005

RAJESH EXPORTS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2005

	As at 31.03.2005	As at 31.03.2004
	Rs.	Rs.
SCHEDULE "A"		
SHARE CAPITAL		
AUTHORISED :		
75,00,000 Equity Shares of Rs.10/- each	75,000,000	75,000,000
ISSUED, SUBSCRIBED AND PAID UP :		
70,01,100 equity shares of Rs.10/- each fully paid up (Previous Year 70,01,100 Equity Shares of Rs.10/- each)	70,011,000	70,011,000
Total	70,011,000	70,011,000
SCHEDULE "B"		
RESERVES AND SURPLUS		
Share Premium account		
As per last account	80,044,000	80,044,000
General Reserves		
As per last account	90,00,00,000.00	
Add : Additions during the year	<u>30,00,00,000.00</u>	
	1,200,000,000	900,000,000
Surplus as per the Profit and Loss account	131,487,681	80,261,540
Total	1,411,531,681	1,060,305,540
SCHEDULE "C"		
SECURED LOANS		
A. TERM LOAN		
a. UCO Bank	50,525,475	67,036,200
b. Canara Bank	67,594,774	100,893,834
B. WORKING CAPITAL FROM :		
a. UCO Bank	287,371,267	349,375,314
b. Canara Bank	357,819,429	249,702,403
c. HSBC	245,675,640	251,529,525
d. State Bank of India	249,926,177	137,856,705
Loans mentioned under A and B above are Secured by hypothecation of stocks and book debts and mortgage of office building at Batavia Chambers and land, building and plant & machinery situated at export promotion park, Whitefield. Further the above loans are secured by personal guarantee of Directors.		
C. GOLD LOAN		
From Scotia Bank		
Secured by Pledge of Fixed Deposits held With the said bank and stand by Letters of Credit of other Banks	—	583,621,231
	1,258,912,762	1,740,015,212



	As at 31.03.2005	As at 31.03.2004
	Rs.	Rs.
SCHEDULE "D"		
OVERDRAFT ON PLEDGE OF FIXED DEPOSITS		
a. HSBC	817,297	16,694,872
b. State Bank of India	1,009,589,768	18,686,951
c. Canara Bank	1,478,911,391	553,990,746
d. Bank of India	—	109,314,850
e) Bharat Overseas Bank Ltd	—	39,312,177
f) Development Credit Bank Ltd	—	261,525,639
g) ICICI Bank Ltd	1,489,090,930	114,453,148
h) Indus Ind Bank Ltd	—	46,250,674
i) Laxmi Vilas Bank Ltd	—	6,042,594
j) Oriental Bank of Commerce	—	4,301,724
k) State Bank of Indore	1,619,965	6,628,517
l) State Bank of Bikaner & Jaipur	—	2,231,415
m) Tamilnad Mercantile Bank Ltd	—	6,771,173
n) UCO Bank	992,440,276	184,790
	4,972,469,627	1,186,389,270

SCHEDULE "E"

UNSECURED LOANS

From Directors	17,515,900	—
From Others	172,600,000	—
	190,115,900	—

SCHEDULE "F"

SCHEDULE OF FIXED ASSETS AS AT 31ST MARCH 2005

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As on 1.4.2005 Rs.	Additions Rs.	Sales Rs.	Total Rs.	As on 1.4.2004 Rs.	For the Year Rs.	Withdrawn Rs.	Total Rs.	As on 31.3.2005 Rs.	As on 31.3.2004 Rs.
A. BUSINESS ASSETS										
Land	36,924,097	-	-	36,924,097	-	-	-	-	36,924,097	36,924,097
Building	293,126,452	847,442	-	293,973,894	28,742,142	9,805,279	-	38,547,421	255,426,473	264,384,310
Plant & Machinery	46,558,019	3,592,695	-	50,150,714	4,340,484	2,525,929	-	6,866,413	43,284,301	42,217,535
Furniture & Fixtures	6,792,935	122,213	-	6,915,148	1,893,421	450,435	-	2,343,856	4,571,292	4,899,514
Office Equipments	1,562,364	10,368	-	1,572,732	433,822	82,940	-	516,762	1,055,970	1,128,542
Computer	959,135	207,818	-	1,166,953	461,786	169,323	-	631,109	535,844	497,349
Weighing Scale	920,403	17,000	-	937,403	237,582	48,876	-	286,458	650,945	682,821
Motor Vehicle	6,299,352	4,524,000	4,353,852	6,469,500	1,584,326	430,636	720,587	1,294,375	5,175,125	4,715,026
Sub Total	393,142,757	9,321,536	4,353,852	398,110,441	37,693,563	13,513,418	720,587	50,486,394	347,624,047	355,449,194
B. OTEHR IMMOVABLE PROPERTIES										
Sujatha Complex	-	20,268,360	-	20,268,360	-	-	-	-	20,268,360	-
Mohan Building	-	96,371,800	-	96,371,800	-	-	-	-	96,371,800	-
S.C. Road Property	-	2,199,200	-	2,199,200	-	-	-	-	2,199,200	-
Kumbalgod Property	-	13,195,200	-	13,195,200	-	-	-	-	13,195,200	-
Sub Total	-	132,034,560	-	132,034,560	-	-	-	-	132,034,560	-
Grand Total	393,142,757	141,356,096	4,353,852	530,145,001	37,693,563	13,513,418	720,587	50,486,394	479,658,607	355,449,194
Previous Year	368,351,795	24,790,962	-	393,142,757	24,235,133	13,458,430	-	37,693,563	355,449,194	344,116,662

RAJESH EXPORTS LIMITED

	As at 31.03.2005	As at 31.03.2004
	Rs.	Rs.
SCHEDULE "G"		
INVESTMENTS		
In other company		
LONG TERM INVESTMENT		
Quoted 48,99,980 (48,99,980) Equity shares of Rs.10/- each fully paid up in Rajesh Global Solutions Ltd.	48,999,800	48,999,800
CURRENT INVESTMENT		
Quoted 21,800 (21,800) Equity shares of Rs.10/- each fully Paid up in Canara Bank	763,000	763,000
Quoted 38,800 (38,800) Equity shares of Rs.10/- each fully Paid up in UCO Bank	465,600	465,600
Non Quoted : Equity Shares in Sri Ashtalakshmi Marketing (P) Ltd.		
a. 180 shares, Face Value acquired at Rs.130/- of Rs.200 each fully paid up	23,400	—
b. 144 shares, Face Value of Rs.1000 each fully paid up	93,600	—
Total	50, 345,400	50,228,400
	Cost	Market value
Quoted Investment		
Rajesh Global Solutions Ltd.	48,999,980	48,999,980
Canara Bank	763,000	4,368,720
UCO Bank	465,600	1,175,640
Total	6,128,580	5,544,360
SCHEDULE "H"		
INVENTORIES		
Stock in Trade of Gold & Gold ornaments	563,121,781	764,823,381
Stock in Trade of Diamonds	2,500,000	—
Total	565,621,781	764,823,381
SCHEDULE "I"		
SUNDRY DEBTORS		
(Unsecured, Considered good)		
Due for more than 6 months	92,324,838	80,716,098
Other debts	1,012,747,751	1,940,154,381
Total	1,105,072,589	2,020,870,479
SCHEDULE "J"		
CASH AND BANK BALANCES		
Cash in hand	8,896.00	256,970
Bank balances with Scheduled Banks :		
In Current Accounts	15,744,231	335,568
In Fixed Deposits*	5,842,309,243	1,451,709,778
In Unclaimed Dividend Account	485,786	203,505
Total	5,858,548,156	1,452,505,821

* Excludes Fixed Deposits with Banks of Rs.19,282,619,146/- (Previous Year Rs.27,514,674,585/-) given as margin for Letter of credit for imports which are netted off with Letter of Credit Liability in Schedule L



	As at 31.03.2005	As at 31.03.2004
	Rs.	Rs.
SCHEDULE "K"		
LOANS AND ADVANCES		
(Unsecured, Considered good)		
Advance recoverable in Cash or in kind or for value to be received or adjusted	307,402,820	106,192,106
Deposits	430,817	430,817
Total	307,833,637	106,622,923
SCHEDULE "L"		
CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors*	306,517,967	669,518,790
Advance received from customers	96,537,163	763,662
Unclaimed Dividend	473,986	204,205
Book Overdraft from Banks	—	195,078
Rent Advance	19,700,000	19,700,000
Statutory Liabilities	1,920	373,248
'A'	423,231,036	690,754,983
* After netting off of Fixed Deposits with Banks of Rs.19,282,619,146/- (Previous year Rs.27,514,674,585/-) given as margin for Letters of credit for imports (Refer Schedule 'J' above)		
B. PROVISIONS		
Proposed Dividend	45,507,150	10,657,470
Provision for taxation net of payments	6,382,378	1,365,488
'B'	51,889,528	12,022,958
Total 'A' + 'B'	475,120,564	702,777,941
SCHEDULE "M"		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary expenses	—	40,392
Public issue expenses	—	734,988
Pre-operative expenses	—	—
Total	—	775,380

RAJESH EXPORTS LIMITED

	As at 31.03.2005	As at 31.03.2004
	Rs.	Rs.
SCHEDULE "N"		
OTHER INCOME		
Fluctuation in Foreign Currency	—	22,779,375
Dividend	180,933	130,800
Rent	267,642	180,000
Other Interest	203,387	394,107
Making charges received	2,548,541	163,068
Short term Capital Gain on sale of shares	—	196,930
Total	3,200,503	23,844,280
SCHEDULE "O"		
COST OF GOODS SOLD		
GOLD BULLION, JEWELLERY & DIAMOND		
Opening Stock	764,823,381	461,419,738
Add : Purchases etc.,	40,274,747,736	30,368,255,110
	41,039,571,117	30,829,674,848
Less : Closing Stock	565,621,781	764,823,381
Total	40,473,949,336	30,064,851,467
SCHEDULE "P"		
MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES		
Salaries, Wages & Bonus	39,312,140	29,924,622
Asset Maintenance Expenses	3,519,356	2,986,945
Electrical charges	2,059,764	1,808,336
Director's Remuneration	239,976	239,976
Professional Charges	2,016,330	302,525
Postage, Telegram & Telephones	974,148	935,436
Insurance Premium	11,595,096	8,719,089
Staff Welfare Expenses	4,187,930	2,742,214
Travelling & conveyance	712,879	1,768,559
Miscellaneous Expenses	2,027,662	3,117,284
Commission & Brokerage	—	20,000,000
Auditors Remuneration :		
As Audit Fees	300,000	220,000
Rates & Taxes	2,026,123	331,038
Bad Debts	599,525,589	601,289
Loss on Sale of Fixed Assets	2,192,765	—
Frieght Charges (Net)	5,713,102	338,082
Advertising Expenses	398,807	—
Fluctuation in Foreign Currency	445,064,603	—
Total	1,121,866,270	74,035,395
SCHEDULE "Q"		
INTEREST & BANK CHARGES		
Interest on term loans	8,343,177	6,044,351
Interest on working Capital	128,533,354	89,146,382
Bank Charges	18,612,399	27,220,164
Export Finance Option Premium	274,880,875	—
Total	430,369,805	122,410,897



SCHEDULE "R"

ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2005

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

A. SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONVENTION:

- a. The Annual Accounts have been prepared on the Historical cost basis and confirms to the Statutory Provisions of the Companies Act, 1956, and the General Accounting Practices prevailing in the Country & applicable Accounting Standards.
- b. The Accounts have been prepared on accrual basis.

FIXED ASSETS :

- a. Gross block has been accounted for at their historical cost. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- b. Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956. Depreciation on additions made during the year is provided for the period the Assets were in use.

BORROWING COST

Borrowing Costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such asset up to the date when such asset is ready for its intended use. Borrowing cost attributable to import of gold is added to the cost of Purchase of gold. Other borrowing costs are charged to the Profit & Loss Account.

FOREIGN CURRENCY TRANSACTIONS INCLUDING FUTURE AND OPTION CONTRACTS THEREON

Current assets and liabilities without forward foreign exchange contract are translated at the year-end closing rates. The resulting exchange gain/loss is reflected in the profit and loss account. Exchange differences attributable to the acquisition of the fixed assets, if any, are adjusted to the cost of the respective assets. Premium in respect of forward foreign exchange contract is charged to the Profit & Loss Account. Premium in respect of foreign exchange Option contracts is charged to the Profit & Loss Account as and when the contacts are entered into but the gain on such option contracts is recognized only on maturity / cancellation of such option contracts.

INVESTMENTS

Long Term Investments are stated at cost after deducting provision, if any, made for permanent diminution in the values. Current Investments are stated at lower of cost and market/fair value.

REVENUE RECOGNITION

Sales are recorded net of trade discounts, rebates and sales tax. Making charges income is recognised on despatch of goods. Dividend income on investments is accounted for when the right to receive the payment is established.

RETIREMENT BENEFITS

Retirement benefits in the form of Provident Fund and Superannuation Schemes are not applicable to, the company at present. Gratuity liability under the Payment of Gratuity Act is provided on completion of five Years service. None of the Employee of the Company has completed five years service. The company does not provide Leave Encashment to its Employees.

TAXATION

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961.

The Deferred tax liability for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date.

Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.

RAJESH EXPORTS LIMITED

Deferred tax assets are recognized on unabsorbed losses only if there is virtual certainty that such deferred tax asset can be realized against future taxable profits.

VALUATION OF INVENTORIES :

Stock in Trade of Bullion is valued at Cost or Net Realisable Value (International Standard Rate), whichever is less for E.O.U. Unit and in respect of other Units at Cost or Net Realisable Value (Prevailing at Bangalore as on 31.03.2005), whichever is lower.

BOOK DEBTS AND ADVANCES:

Write-off of doubtful and unrecoverable Book Debts and Advances have been made wherever found necessary by the Management.

CASH FLOW STATEMENT

The cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash flow statement

B. NOTES ON ACCOUNTS

1. Estimated amount of contracts remaining to be executed on Capital Account (net of advances) not provided for is nil (Previous year -Nil)
2. Contingent liabilities not provided for - Entry Tax demand disputed by the Company Rs.3,52,844/- (Previous year - NIL).
3. Certain balances under the heads "Debtors, Creditors, Outstanding Liabilities, Advances from Customers, Advances and Deposits are subject to confirmation.
4. Directors Remuneration includes Executive chairman and Managing Director's Remuneration Rs.239,976/- (Previous Year Rs.239,976/-)
5. Brief particulars of Employees who were entitled to receive or were in receipt of emoluments aggregating to Rs.24,00,000/- or more per annum and/or Rs.2,00,000/- or more per month, if employed, for a part of the year is Nil.
6. The company has taken a key Man's Insurance Policy (Jeevan Shree) from Life Insurance Corporation of India on the life of Mr. Rajesh Mehta, Executive Chairman for Sum Assured of Rs.300 Lakhs with Ten Year Term and Annual Premium of Rs.30,29,175/-. The annual premium paid during the Year has been accounted under Administrative & Selling expenses. Amount receivable on maturity or otherwise shall be accounted as income in the year of receipt.

7. Income from Operations:

Sales	40,566,536,900	(29,875,774,788)
Bank Interest earned	1,901,587,759	(625,704,427)
Total	<u>42,468,124,659</u>	<u>(30,501,479,215)</u>

Interest earned on fixed deposits with Banks is recognised as Income from Operations since these deposits are utilised for the business of the company.

8. In accordance with the Accounting Standard '22' on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has not recognised the Deferred Tax Assets on account of unabsorbed losses and timing differences of Rs.37,41,63,015/- as on 31st March 2005 as there is no virtual certainty that such deferred tax asset can be realized against future taxable profits.
9. As the Company deals with only single product i.e., Gold products and hence the segment wise figures have not been reported.
10. The company is registered under Chapter IX of the Companies Act, 1956 and the Registrar of Companies has issued certificate of incorporation and commencement of business on 1st of February 1995. Before the Registration of the Company, "M/s. Rajesh Exports" carried on the business in partnership as Joint Stock Company. After Registration under Chapter IX of the Companies Act, 1956, "Rajesh Exports" is converted into this Company.



11. Related party disclosures
(In terms of Accounting Standard- 18)

A. Relationships:

- a) Related parties where control exists:
Rajesh Global Solutions Limited
Rajesh Jewels
- b) Directors and their relatives :
Mr Rajesh Mehta - Executive Chairman
Mr Prashant Mehta - Managing Director
Mr Mahesh Mehta
- c) Key Management Personnel
Mr Rajesh Mehta - Executive Chairman
Mr Prashant Mehta - Managing Director
Mr Bhavesh Mehta - Executive Officer
- d) Transaction with related parties

- (i) Transactions carried out with related parties referred to in (a) & (c) above in ordinary course of business :

Nature of Transactions	Related Parties	Key Management Personnel
Sales	57,40,434	-
	(5,48,939)	(-)
Expenses - Remuneration	-	3,31,176
	-	(3,03,866)
Income - Rent & Electricity charges	4,03,354	-
	(3,66,803)	(-)
Outstandings - Debit	28,44,920	-
	(11,42,944)	(-)

- (ii) Transactions carried out with related parts rererred to in (b) above :

Unsecured Loans taken	Rs. 19,01,25,000/- (Nil)
Balance outstanding	Rs. 19,01,15,900/- (Nil)
Interest paid	Rs. 12,88,459/- (Nil)

12. Accounting Standard 19- Leases:

The company has let out premises under cancelable operating lease agreements, which the company intends to renew in the normal course of its business. These properties cannot be subleased by the Lessees. Total lease rentals recognized as income in the Profit & Loss Account for the year with respect to above is Rs.2,67,642/- (Previous Year Rs.1,80,000/-)

13. Basic earning per share has been calculated by dividing profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The company has not issued any potential Equity shares and accordingly, the basic earning per share and diluted earning Per share are the same. Earning per share has been computed as under:

	Year Ended 31.03.2005	Year Ended 31.03.2004
Profit after Taxation	43,08,50,953	27,31,20,028
Weighted average number of shares	70,01,100	70,01,100
Earning per share (Rs. per equity share of Rs. 10/- each)		
Basic and diluted	61.54	39.01

RAJESH EXPORTS LIMITED

14. Company has identified that there is no material impairment of assets and as such no provision is required as per As-28 issued by the ICAI.
15. In the opinion of the management, no provision is required against contingent liabilities referred in Schedule R Para B Point 2.
16. Based on the information/documents available with the Company, the amount due to small-scale industries is NIL.
17. Unclaimed dividend accounts are subject to reconciliation.
18. Bad Debts :

During the year Bad debts to the extent of Rs.59,95,25,589/- has been written off as the same are not recoverable

19. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 3 AND 4 OF THE PART II OF SCHEDULE VI OF THE COMPANIES ACT 1956.

	Unit	Quantity	Amount
A. OPENING STOCK		1445.835	4,764,823,381
Gold and Gold Ornaments	Kgs.	(950.980)	(461,419,738)
B. PURCHASES			
Gold and Gold Ornaments	Kgs.	67458.468*	40,27,47,47,736
		(51,700.828)	(30,354,390,962)
Diamond	Cts	—	—
		(226.1)	(13,864,148)
Alloys	Kgs.	133.386	3,39,275
		(99512)	(3,41,784)
C. SALES TURNOVER			
Gold & Gold Products	Kgs	67398.627**	40,566,536,900
		(51220.673)	(29,873,145,788)
Diamond	Cts	—	—
		(91.9)***	(2,629,000)
D. CLOSING STOCK			
Gold & Gold Products	Kgs	1,008,339	563,121,781
		(1,445,835)	(764,823,381)
Diamond	Cts	91.9	25,00,000
		(—)	(—)
E. WASTAGES			
Gold & Gold Products	Kgs	630.723	
		(84.812)	
Diamond	Cts	—	
		(134.20)	
E. EARNINGS IN FOREIGN CURRENCY			
F.O.B. value of exports		—	40,23,22,06,707
			(23,724,082,477)
F. EXPENDITURE IN FOREIGN CURRENCY			
Travelling expenses			103,125
			(2,04,848)
C.I.F. value of Imports		—	37,808,541,174
			(30,154,496,996)

Note : a) Purchases and Sales figures includes Rs. 572,49,039 (Previous Year Rs.474,97,234) inter unit transfers
b) Previous year's figures are furnished in brackets.

20. The previous year's figures are regrouped / rearranged wherever deemed necessary.

For and on behalf of the Board

As per our Report of even date
For **P.K. RUNGTA & CO.**,
Chartered Accountants

RAJESH MEHTA
Chairman

PRASHANT MEHTA
Managing Director

P.S. VAIDYANATHAN
Company Secretary

P.K. RUNGTA
Proprietor

Place : Bangalore
Date : 16-5-2005



CASH FLOW STATEMENT

	<u>2004-2005</u>	<u>2003-2004</u>
A. Cash Flow from Operating Activities		
Net Profit before tax and Extra ordinary items	430,850,953	249,770,515
Depreciation	13,513,418	13,458,430
Finance Cost	430,369,805	122,410,897
Bank interest received	(1,901,587,759)	(625,704,427)
Rent Received	(267,642)	(180,000)
Other Interest	(384,320)	(394,107)
Loss on Sale of Fixed Assets (Net)	2,192,765	—
Short term Capital Gain on sale of Investment	—	(196,930)
Operational Profit before working Capital changes	(1,025,312,780)	(240,835,622)
Adjustments for Decrease (Increase) in Trade and other receivables including Loans & Advances	888,107,140	(1,219,600,330)
Decrease (Increase) in Inventories	199,201,600	(303,403,643)
Increase (Decrease) in Current Liabilities	19,015,095,199	89,453,351
Cash generated from operations	19,077,091,159	(1,674,386,244)
Direct Taxes paid	(173,519,964)	(72,354,753)
Net cash from operating activities	18,903,571,195	1,746,740,997
B. CASH FLOW FROM INVESTING ACTIVITIES		
Increase in fixed assets (Net)	(141,356,096)	(24,790,962)
Sale Proceeds on sale of Fixed Asset	1,440,500	
Investment in Capital WIP	(2,857,979)	
Decrease in Miscellaneous Expenditure	775,380	796,791
Decrease (increase) in Investments	(117,000)	(465,600)
Short Term Capital Gain on sale of Investment	—	196,930
Bank Interest received	1,901,587,759	625,704,427
Other Interest	384,320	394,107
Rent Received	267,642	180,000
Net cash used in Investing activities	1,760,124,526	602,015,693
C. CASH FLOW FROM FINANCING ACTIVITIES		
Finance Cost	(430,369,805)	(122,410,897)
Increase / (Decrease) in Secured Loan (net)	3,304,977,907	2,324,005,477
Increase / (Decrease) in Unsecured Loan (net)	190,115,900	—
Dividend paid and tax on Dividend	(39,758,242)	(3,461,063)
Net cash used in financing activities	3,024,965,760	2,198,133,517
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	23,688,661,481	1,053,408,213
Opening Cash and Cash Equivalents	1,452,505,821	399,097,608
Closing Cash and Cash Equivalents	25,141,167,302	1,452,505,821

For and on behalf of the Board

As per our Report of even date
For **P.K. RUNGTA & CO.**,
Chartered Accountants

RAJESH MEHTA
Chairman

PRASHANT MEHTA
Managing Director

P.S. VAIDYANATHAN
Company Secretary

P.K. RUNGTA
Proprietor

Place : Bangalore
Date : 16-5-2005

AUDITOR'S REPORT

We have examined the attached Cash Flow Statement of RAJESH EXPORTS LIMITED for the Year ended 31st March 2005. The statement has been prepared by the company based on and is in agreement with the corresponding Profit & Loss Account and company Balance Sheet of the covered by our report of even date to the members of the company.

As per our Report of even date
For **P.K. RUNGTA & CO.**,
Chartered Accountants

Place : Bangalore
Date : 16-5-2005

P.K. RUNGTA
Proprietor

RAJESH EXPORTS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	17077	State Code	08
Balance Sheet Date	31.03.2005		

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	NIL	Rights issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities	7903041	Total Assets	7903041
Sources of Funds		Application of Funds	
Paid-up Capital	70011	Net Fixed Assets	482517
Unsecured Loans	190116	Net Current Assets	7361956
Secured Loans	6231382	Investments	50345
Reserves & Surplus	1411532	Misc. Expenditure	NIL
Deferred taxation	NIL	Deffered Tax Asset	8223

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Total Income	42471325	Total Expenditure	42040474
Profit Before Tax	430851	Profit After Tax	430851
Earning per share in Rs.	61.54	Dividend Rate %	100%

V. GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF COMPANY (As per monitory terms)

Item Code No. (ITC Code)	71131901
Product Description	GOLD JEWELLERY

For and on behalf of the Board

Place : Bangalore
Date : 16-5-2005

RAJESH MEHTA
Chairman

PRASHANT MEHTA
Managing Director

P.S. VAIDYANATHAN
Company Secretary

RAJESH EXPORTS LIMITED

Regd. Office : No.4, Batavia Chambers, Kumara Krupa Road, Kumara Park East, Bangalore-1. INDIA.

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting venue.

Name of the member attending the Meeting (In block letters) _____

Member's Folio No. _____

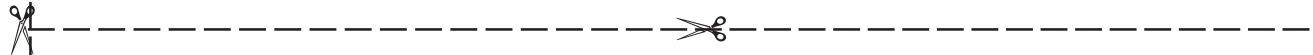
In case of Proxy, Name of Proxy _____

No. of Shares held _____

I hereby record my presence at the 11th Annual General Meeting on 13th August 2005 at 4.30 P.M. at the Mini Hall, Hotel Woodlands, No.5, Raj Ram Mohan Roy Road, Bangalore-1.

Member's/Proxy's Signature
(To be signed at the time of handing over this slip)

Notes : 1. Interested joint Shareholders may obtain attendance slips from the Company's Registered Office.
2. Shareholders/Joint Shareholders are requested to bring the attendance slips with them.



RAJESH EXPORTS LIMITED

Regd. Office : No.4, Batavia Chambers, Kumara Krupa Road, Kumara Park East, Bangalore-1. INDIA.

PROXY FORM

I/We _____

of _____

being a member/members of Rajesh Exports Ltd., hereby appoint

of _____

or failing him _____

of _____

or failing him _____

of _____

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 11th Annual General Meeting of the Company to be held at 4.30 P.M. at the Mini Hall, Hotel Woodlands, No.5, Raj Ram Mohan Roy Road, Bangalore-1 on 13th August 2005.

Signed this _____ day of _____

Signature of the said _____



of _____