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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. SHIVA SHANKAR	<i>Director</i>
SHRI Y. VENU MADHAVA 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.

Bankers

Canara Bank
State Bank of India
HSBC
UCO Bank

Regd. Office

4, Batavia Chambers
Kumara Krupa Road
Kumara Park East
BANGALORE - 560 001.
Tel : 91-80-22266735
Fax : 91-80-22259503

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.
Phone : 0422-5549995
Fax : 0422-2499574
E-mail : info@skdcconsultants.com



NOTICE

Notice is hereby given that the 12th Annual General Meeting of the Members of **RAJESH EXPORTS LIMITED** will be held at **4.30 P.M. on 16.09.2006 at the Mini Hall, Hotel Woodlands, # 5, Raja Rammohan Roy Road, BANGALORE** to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss account for the year ended 31st March 2006 and the Balance Sheet as at that date together with the reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Rajesh Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. G. Shanker Prasad, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint auditors and fix their remuneration.

By the Order of the Board

Place : Bangalore
Date : 31.07.2006

RAJESH MEHTA
Chairman

NOTES :

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy so appointed need not be a member of the Company.
2. Proxies, in order to be effective, should be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 12.09.2006 to 16.09.2006 (both days inclusive.)
4. It is suggested for the convenience of the Members, that they inform the Company about their Bank account Number, Name of the 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 warrants, as a measure of abundant caution and to minimize loss due to warrants falling into improper hands through forgery or fraud.
5. Members seeking any information with regard to the accounts are requested to write to the Company early, so as to enable the Management to keep the information ready.
6. Members / proxies should bring the attendance slip sent herewith duly filled in, for attending the Meeting.
7. Members are requested to address their correspondence, including share transfer matters and change of address to :

RAJESH EXPORTS LIMITED

SKDC Consultants Ltd.

P.B. 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

PROFILES OF RETIRING DIRECTORS WHO OFFER THEMSELVES FOR REAPPOINTMENT :

- a) Mr. Rajesh Mehta, aged around 42 years, is in the jewellery field for over two decades. He has rich and diverse experience in research and development, administration and international marketing. The board considers it expedient to re appoint Mr. Rajesh Mehta as Director of the Company.
- b) Mr. G. Shanker Prasad, aged about 46 years is a Company Secretary by profession. He is also a qualified cost accountant. Being a member in audit committee, he advices the Company on correct, credible and adequate financial disclosures. He has an experience of over 20 years in his field. The board considers it expedient to re appoint Mr. G. Shanker Prasad as Director of the Company.



DIRECTORS' REPORT

Your Directors have great pleasure in presenting their 12th Annual Report on the business and operations of the Company, for the financial year ended 31st March 2006.

FINANCIAL RESULTS

	<i>(Rs. in Lakhs)</i>	<i>(Rs. in Lakhs)</i>
	For the year ended 31.03.2006	For the year ended 31.03.2005
Profit Before Depreciation	7158.91	4443.64
Less : Depreciation	140.04	135.13
Profit after depreciation	7018.87	4308.51
Less : Provision for taxation Deferred taxation for the year	364.15	—
Profit after taxation	6654.72	4308.51
Add : Balance as per last account	1314.87	802.61
Profit available for appropriation	7969.60	5111.12
Less : transfer to general reserves	6000.00	3000.00
Less : Proposed dividend including tax on Dividend	842.72	795.95
Balance surplus transferred to Balance Sheet	1126.88	1314.87

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. 5483.67 crores compared to that of Rs. 4247.13 crores during the previous year. As a result, the net profit for the year under review, after provision for depreciation and income tax was 66.55 crores which is 54.48% higher than that of the previous year. The Company has transferred an amount of Rs. 60 crores to the general reserves. As a result, the total reserve of the Company has moved up to 228.88 crores.

DIVIDEND

Keeping in view the excellent profitability of the Company, your Directors have recommended a dividend of 100%. This is the second consecutive year that the Company has recommended 100% dividend to its shareholders.

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 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 one of the lowest energy consuming Companies in the country when compared to its size. The Company has undertaken many innovative measures in its manufacturing and administrative units for conservation of energy. The Company has installed some of the finest recycling and treatment plants for recycling the waste materials and reusing the same for various purposes, including the generation of biogas. Your Company firmly believes that our planet is in need of natural resources and energy conservation is the best policy.

C) Research and Development and technology absorption

Your Company has one of the largest R&D units in the jewellery industry. The research and development team of the Company has 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.

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. Rajesh Mehta and Mr. G. Shanker Prasad, 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 31.03.2006, the applicable accounting standards have been followed along with proper explanation relating to the 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 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 safe guarding 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 31.03.2006. on a "going concern" basis.

FOREIGN EXCHANGE EARNINGS

During the year the Company has reported foreign exchange earnings of Rs. 52173.90 million (Previous year Rs. 40232.21 million).

AUDITORS

M/s. P.K. Rungta & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment. They have confirmed that their re-appointment as auditors of the Company, if made would be in accordance with the limits specified under Section 224(1B) of the Companies Act, 1956.

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.

ACKNOWLEDGMENTS

Your directors specially wish to place on record, their sincere appreciation towards the people of the Company for their dedication and hard work, which has resulted in the overwhelming success of the Company during the year under report. Your directors place on record their gratitude to Canara Bank, State Bank of India, HSBC and UCO Bank for their continued support. Your Directors also thank all the Shareholders, Consultants, Customers, Vendors, Service providers for their continued Support.

For and on behalf of the Board

Place : Bangalore
Date : 30.05.2006

RAJESH MEHTA
Chairman

ADDENDUM TO DIRECTORS REPORT

a) Reply to qualification made by Auditors in his Report Para 2(1) in Auditors Report

Para A.6 in Schedule 'Q' is self explanatory to the above qualification

b) Para 1 of Annexure to Auditors Report

The Company has a system of indexing the assets and displaying the unique number of each asset. However in the case of some of the newly acquired assets, the display of the number had not been updated. The same has since been done.



MANAGEMENT DISCUSSION AND ANALYSIS

RETAIL PLANS

The Jewellery retail market in India is undergoing certain fundamental changes and hitherto fragmented and unorganized jewellery retail industry in India is headed towards consolidation and organized branded retailing, much like most other segments in India. Rajesh Exports given its rich experience and understanding of the jewellery market and the world's largest jewellery manufacturing facility is ideally placed to be at the forefront of this change.

Rajesh Exports has planned its retail foray on two-pronged strategy. As first step, Rajesh Exports has acquired distribution of a leading jewellery retail chain in India. This distribution acquisition includes twenty-eight retail outlets, customer database, franchising arrangements, systems and retail know-how. This acquisition will make Rajesh exports a leading national jeweller with presence in the best retail location in most major cities across the country. An exclusive range of plain gold and diamond jewellery has been designed and created for this retail project, slated for launch shortly.

In another retail foray, Rajesh Exports has finalized plans of entering the mass segment of urban and semi-urban towns. This project will be rolled out in a phased manner and the first phase, beginning this financial year, will focus on four southern states in India. In this project, Rajesh Exports will acquire individual retail jewellers and consolidate them into a branded retail chain of jewellery stores. The idea here is to leverage Rajesh Exports' economies of scale in plain gold jewellery manufacturing and retail jewellers' loyal customer base with the benefits of consolidated advertising and promotion.

These retail projects will make Rajesh Exports a one-of-its-kind enterprise, with integrated operations ranging from mines to retail customers. This seamless "mines to market" integration will place Rajesh Exports in a leading position to provide great value for money to consumers in the jewellery retail market.

STOCK SPLIT

During the year under review, the shares of the Company with the face value of Rs. 10 / share have been split into Rs. 2 / share. This will enable the Company's stock to have more liquidity in the market and to enable smaller investors to invest in the Company. With this stock split, the total numbers of shares in the Company has gone up to 3,69,53,500 out of which 61.471% is held by the promoters and 38.529% is held by public.

MANAGEMENT

The Board of Directors heads the Management of the Company, which also includes Whole Time Directors.

The following is the composition of the Board of Director's of the Company as on 31.03.2006.

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. Prashant Mehta	Managing Director	Over 20 years of rich and diverse experience in jewellery Production and Marketing.
03.	Mr. P. Shiva Shankar	Non-Executive & Independent Director	Leading Tax consultant.
04.	Mr. Venu Madhava Reddy	Non-Executive & Independent Director	Has an experience of over 11 years in management and administration.
05.	Mr. G. Shanker Prasad	Non-Executive & Independent Director	Well known practicing Company Secretary and Cost accountant.

RAJESH EXPORTS LIMITED

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 as its most important driver for the success of the Company. The Company has a pool of highly qualified and experienced professionals, who have been instrumental in achieving giant strides the Company is making year after year towards progress. The Company has a HR Policy which emphasizes the need for attaining organizational goals through individual growth and development. Staff audit and performance appraisal are the key areas of the Company's HR Policy.

DISCLAIMER

Statements made in the Management discussion and analysis report include forward looking statements and may differ from the actual situation. The important factors that would make a difference to the Company's operations include market factors, government regulations and policies, developments within and outside the country etc.

ANALYSIS OF FINANCIAL PERFORMANCE

a) Key financial Indicators :

	2005-2006	2004-2005
Return on Net Worth	28.17%	29.08%
PAT to Sales	1.26%	1.06%
Fixed Assets Turnover (Times)	105.77	84.07
Sales / Total Assets	2.82	4.85

b) Revenues :

The business operations of Rajesh Exports Ltd., for the year 2005-06 resulted in the Company achieving total revenue of Rs. 5483.67 crores as against Rs. 4247.13 crores during the previous year. The operating revenue for the year (Revenue less other Income) is Rs. 5428.83 crores.

(Rs. in Crores)

	2005-2006	2004-2005
Operating Revenue	5428.83	4246.81
Other Income	54.84	0.32
Total Revenue	5483.67	4247.13

c) Operating Income :

Operating income (excluding other income) for the year 2005-2006 is Rs. 5428.83 crores.

d) Cost of Revenue :

Cost of goods sold for 2005-2006 is Rs. 5360.68 crores as compared to Rs. 4047.39 crores in the previous year.



e) Provision for Taxation :

The provision for taxation for 2005-2006 is Rs. 3.64 crores as compared to Nil during the previous year.

f) Debt :

The Company as at 31st March, 2006 has the following term loans and working capital facilities outstanding with the consortium member Banks.

<u>Term Loan :</u>	<i>Rs. in Crores</i>
a) Canara Bank / UCO Bank	6.88
<u>Working Capital :</u>	
a) Canara Bank, SBI, HSBC and UCO Bank	231.97
Total	238.85

Note : Apart from the above credit facilities the Company has also availed overdraft facility against its own deposits for meeting short term working capital requirements.

g) Fixed Assets :

The capital expenditure for 2005-2006 is Rs. 192.92 lakhs. 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 :

(Rs. in Crores)

Receivable :	31.03.2006	31.03.2005
Sundry Debtors (Unsecured, Considered Good)		
Debts outstanding for more than 6 Months	11.28	9.23
Debts outstanding for less than 6 Months	365.58	101.27
Provision for Doubtful Debts	Nil	Nil
TOTAL	376.86	110.50

The receivable outstanding as on 31.03.2006 is Rs. 376.86 crores as compared to Rs. 110.50 crores during the year 2004-2005. All the debts of the Company are considered good. The receivable period for the year 2005-2006 is less than 10 days.

i) Loans and Advances :

The loans and advances as on 31st March, 2006 were Rs. 81.89 crores as compared to Rs. 30.78 crores during the previous year.

j) Cash and Bank Balances :

REL continues to be a cash positive Company. As on 31st March, 2006 the Company has Rs. 1210.81 crores (Net) as cash and bank balances.

k) Current Liabilities :

The current liabilities as on 31.03.2006 is Rs. 292.78 crores as compared to Rs. 47.51 crores during the previous year.

RAJESH EXPORTS LIMITED

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 believes that a good corporate governance process aims to achieve a balance between the share holders interest and corporate goals the Company. It to attain the highest levels of transparency, accountability and integrity, thereby enhancing the value of the share holders and their Company.

Accountability improves decision making and transparency helps to explain the 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 Chairmanships in other Companies	No. of Memberships in Committees of other Companies
Promoter Executive Chairman	1. Mr. Rajesh Mehta	2	40 %	1. Rajesh Global Solutions Limited 2. Astalakshmi Marketing Pvt. Ltd.	Nil	1. Share holders and investor grievance committee of Rajesh Global Solutions Limited
Managing Director	2. Mr. Prashant Mehta			1. Rajesh Global Solutions Limited 2. Astalakshmi Marketing Pvt. Ltd.	Nil	1. Audit committee of Rajesh Global Solutions Ltd.
Independent & non-executive Directors	1. Mr. P. Shiva Shankar	3	60 %	1. Rajesh Global Solutions Ltd. 2. SDS Futura blocks Pvt. Ltd.	Nil	1. Audit committee of Rajesh Global Solutions Ltd. 2. Investor Grievance committee of Rajesh Global Solutions Ltd.
	2. Mr. Venu Madhava Reddy			1. Rajesh Global Solutions Ltd.	Nil	1. Audit Committee of Rajesh Global Solutions Ltd. 2. Investor Grievance Committee of Rajesh Global Solutions Ltd.
	3. Mr. G. Shanker Prasad			1. Gopichand Rohra and Associates Pvt. Ltd. 2. ABN Granites Ltd. 3. SME's Development Centre	Nil	Nil

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



BOARD MEETINGS

During the year 2005-06, Thirteen (13) board meetings were held on the following dates :

21.04.2005, 10.05.2005, 16.05.2005, 21.06.2005, 19.07.2005, 29.08.2005, 26.09.2005, 06.10.2005, 24.10.2005, 15.11.2005, 30.01.2006, 14.02.2006 & 16.03.2006.

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 <i>Executive Chairman</i>	13
Mr. Prashant Mehta <i>Managing Director</i>	13
Mr. P. Shiva Shankar <i>Independent & Non-Executive Director</i>	09
Mr. Venu Madhava Reddy <i>Independent & Non-Executive Director</i>	13
Mr. G. Shanker Prasad <i>Independent & Non-Executive Director</i>	12

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. Shiva Shankar, Mr. G. Shanker Prasad and Mr. Y. Venu Madhava Reddy. During the year under review the Committee held four meetings.

The terms of reference of the Audit Committee are in accordance with Clause 49(ii) of listing agreements entered into with the Stock Exchange's inter-alia includes the following.

- Overseeing the Companies 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.

AUDIT & COMPLIANCE COMMITTEE

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

Members	Attendance
Mr. Shiv Shankar <i>Chairman, Independent & Non-Executive Director</i>	04
Mr. G. Shanker Prasad <i>Independent & Non-Executive Director</i>	04
Mr. Y. Venu Madhava Reddy <i>Independent & Non-Executive Director</i>	04

SHAREHOLDERS & INVESTOR GRIEVANCE COMMITTEE

The share holders and investor grievance committee comprises of Mr. Venu Madhava Reddy, Mr. P. Shiva Shankar and Mr. Rajesh Mehta. The Committee approves and monitors transfers, transmissions, dematerialisation, splitting and consolidation of shares issued by the Company and issue of duplicate share certificates. The Company also monitors redressal of complaints from share holders 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.

RAJESH EXPORTS LIMITED

No. of investor complaints received during the year	:	08
No. of complaints resolved	:	08
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
Mr. Y. Venu Madhava Reddy <i>Independent & Non-Executive Director</i>	04
Mr. P. Shiva Shankar <i>Independent & Non-Executive Director</i>	04
Mr. Rajesh Mehta <i>Executive Director</i>	04

REMUNERATION OF DIRECTORS

The Directors remuneration includes consolidated remuneration paid to Executive Chairman, Mr. Rajesh Mehta and Managing Director, Mr. Prashant Mehta amounting to Rs. 2,39,976/- per annum. Independent and non executive directors do not receive any remuneration or sitting fees from the Company.

SPECIAL RESOLUTIONS PASSED DURING LAST THREE FINANCIAL YEARS

1. At the annual general meeting held on 25th September 2003, a special resolution was passed for de listing of Company's securities from Ahmedabad and Bangalore Stock exchanges. Applications for de listing has since been made to these stock exchanges.
2. At the annual general meeting held on 25th September 2004, a special resolution was passed for the reappointment of Mr. Rajesh Mehta as Executive Chairman. During the same meeting Mr. Prashant Mehta's reappointment as Managing Director was considered as special business. They are since been reappointed as Chairman and Managing Directors of the Company. During the same meeting, a special resolution was passed for amending Clause III (C) of the Memorandum of Association of the Company. The amendments are since been incorporated in the MOA of the Company. During the same general meeting, a special resolution was passed to authorise the Company for the commencement of the new businesses as enumerated in the Clause III (C) of the Memorandum of Association of the Company.
3. At the Annual general meeting held on 13.08.2005, a Special Resolution was passed for splitting of shares of the Company from existing face value of Rs. 10 / share to Rs. 2 / share. With effect from 16th September 2005, the shares of the Company are traded at Rs. 2 / share in the stock exchanges.
4. At the Extra Ordinary general meeting held on 31.10.2005, special resolution was passed for Preferential Allotment of 19,48,000 equity shares to Bennett & Coleman Co. Ltd. With effect from 21st March, 2006, the additional equity has been listed on National Stock Exchange of India Ltd. and from 28th March, 2006 onwards in Bombay Stock Exchange Ltd., Mumbai.

No resolutions were passed through postal ballot during the last 3 financial years.

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 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 in order 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. Venu Madhava Reddy

All the share transfers received up to 31st March 2006 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 matters related to capital market, during the last three years.



DETAILS OF PREVIOUS AGM'S

Last 3 AGM's	Date / Time of AGM	Venue
9th AGM	25th September 2003 @ 11.30 A.M.	Mini Hall, Hotel Wood Lands, Raja Ram Mohan Roy Road, Bangalore.
10th AGM	25th September 2004 @ 4.30 P.M.	Mini Hall, Hotel Wood Lands, Raja Ram Mohan Roy Road, Bangalore
11th AGM	13th August 2005 @ 4.30 P.M.	Mini Hall, Hotel Wood Lands, Raja Ram Mohan Roy Road, Bangalore

DISCLOSURE

Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large.

These disclosures have been made under related party transactions in notes (B 11) to financial statements of the Company, which form part of annual report.

MEANS OF COMMUNICATION

The Company's 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 web site 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.

CEO / CFO CERTIFICATION

The Company is fully cognizant of and committed to, adhering to the statutory requirements for the internal controls as set out by the Securities and Exchange Board of India. Accordingly, the Managing Director and the Finance Manager of the Company have duly verified and certified to the Board for Company's procedure and internal controls of the reporting as fully compliant with SEBI guidelines.

The Managing Director and Finance Manager have certified to the Board by placing a certificate thereof on the financials of the Company that :

- a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief :
 - (i) These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) They are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of Conduct.
- c) They accept responsibility for establishing and maintaining internal controls for financial reporting and they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

RAJESH EXPORTS LIMITED

- d) They have indicated to the auditors and audit committee :
- Significant changes in internal control if any over financial reporting during the year.
 - Significant changes in accounting policies if any during the year and that the same have been disclosed in the notes to the financial statements, and
 - Instances of significant fraud if any of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2006

Value (in Rs.)	No. of share holders	%	Amount (Rs)	%
Up to 5,000	6239	90.35	3011626	4.07
5,001 to 10,000	444	6.43	2999696	4.06
10,001 to 20,000	139	2.01	2183834	2.95
20,001 to 30,000	28	0.41	685164	0.93
30,001 to 40,000	15	0.22	515310	0.70
40,001 to 50,000	9	0.13	403640	0.55
50,001 to 1,00,000	6	0.09	357544	0.48
1,00,001 and above	25	0.36	63750186	86.26
TOTAL	6905	100.00	73907000	100.00

CATEGORIES OF SHAREHOLDERS AS ON 31st MARCH, 2006

Category	No. of Shares	%
Indian Promoters	22715530	61.471
Foreign Institutional Investors	5995023	16.223
Private Corporate Bodies	2715876	7.349
Indian Public	4990202	13.504
NRI's / OCB's	536869	1.453
TOTAL	36953500	100

MONTHLY HIGH AND LOW QUOTATION AND VOLUME OF SHARES TRADED FROM 01.04.2005 TO 31.03.2006.

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

Period	Highest Quotation in Rs.	Lowest Quotation in Rs.	Volume of shares Traded	Turnover in Lakhs
@ Rs. 10 / Share				
April, 2005	704.90	557.00	4,34,548	2812.099
May, 2005	758.00	576.40	7,94,715	5496.777
June, 2005	765.00	631.10	10,17,892	7128.521
July, 2005	849.00	616.70	6,04,307	4532.811
August, 2005	853.00	668.00	2,34,101	1802.081
September, 2005	805.00	140.20	28,49,174	5727.000
@ Rs. 2 / Share				
October, 2005	186.50	115.60	15,34,840	2178.590
November, 2005	149.70	128.95	14,16,107	1925.041
December, 2005	161.80	123.40	27,29,206	3872.957
January, 2006	216.00	153.20	45,46,756	8883.339
February, 2006	212.00	178.00	15,77,474	3167.871
March, 2006	352.00	182.00	57,05,055	14324.763



ON BOMBAY STOCK EXCHANGE LTD., MUMBAI (BSE)

Period	Highest Quotation in Rs.	Lowest Quotation in Rs.	Volume of shares Traded	Turnover in Lakhs
@ Rs. 10 / Share				
April, 2005	704.70	557.30	2,14,030	1374.55
May, 2005	769.00	579.50	3,85,129	2654.03
June, 2005	745.00	632.20	2,44,939	1725.38
July, 2005	849.00	658.00	3,57,195	2652.99
August, 2005	850.00	667.40	90,780	707.51
September, 2005	815.00	140.00	11,49,390	2262.31
@ Rs. 2 / Share				
October, 2005	165.00	116.20	6,54,478	923.53
November, 2005	150.00	127.00	4,36,886	595.23
December, 2005	162.00	123.50	13,57,207	1962.93
January, 2006	217.00	155.20	31,17,670	6073.99
February, 2006	212.50	178.00	9,67,217	1916.37
March, 2006	352.80	181.80	49,06,372	11525.27

FINANCIAL CALENDAR FOR THE YEAR 2005-06

Financial Year 1st April, 2005 to 31st March, 2006	
Board meeting for considering audited accounts and recommendation of dividend for the year ending 31.03.2005	16.05.2005
Board meeting for considering Un-audited results for the first quarter	19.07.2005
Board meeting for considering Un-audited results for the Second quarter	24.10.2005
Board meeting for considering Un-audited results for the Third quarter	30.01.2006
Board meeting for considering audited results for the financial year ending 31.03.2006 and recommendation of Dividend	30.05.2006
Posting of Annual Reports	on / before 19.08.2006
Book Closure Dates	12.09.2006 to 16.09.2006
Last date of receipt of Proxy Forms	14.09.2006
Date of AGM	16.09.2006
Probable date for dispatch of Dividend Warrants	1st week of October. 2006

DIVIDEND

The Board of Directors is pleased to recommend the payment of dividend for the year ended 31st March, 2006 @ Rs. 2 per share or 100 per cent for all the share holders whose names appear on the register of members as on the book closure date i.e. 12.09.2006.

DEMATERIALIZATION OF EQUITY SHARES

The Company's shares are under compulsory dematerialization list and can be transferred through depository system. The Company entered into tripartite agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate the dematerialization of shares. As on 31.03.2006, 90.501% shares of the Company were in electronic form.

	No. of shares	% of holding
No of shares held in CDSL	3,82,715	1.036
No of shares held in NSDL	3,30,60,595	89.465
Total No. of shares held in DE-Mat form	3,34,43,310	90.501
No. of shares held in Physical form	35,10,190	9.500
Grand Total	3,69,53,500	

WHISTLE BLOWER POLICY

We have established a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud or violation of our code of conduct or ethics policy. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the chairman of the Audit Committee in exceptional cases.

RAJESH EXPORTS LIMITED

AUDITORS' CERTIFICATE

To,

The Members,

M/s. RAJESH EXPORTS LIMITED

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by Rajesh Exports Ltd. for the year ended 31.03.2006, as stipulated in the Clause 49 of the listing agreement of the said Company with stock exchange.

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 at Corporate Governance issued by the Institute of the Chartered accountants of India and was limited to procedures and implementations thereof, adopted by the Company for ensuing 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 was 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 Accountants

Place : Bangalore
Date : 31.07.2006

(P.K. RUNGTA)
Proprietor



AUDITORS' REPORT

To,

The Members,

M/s. RAJESH EXPORTS LIMITED

We have audited the attached balance sheet of M/s. RAJESH EXPORTS LIMITED as at 31st March, 2006, and 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 the auditing standards generally accepted in India. Those 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 disclosures 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 sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks and verification of the books of accounts as we consider necessary and to the best of our knowledge and according to the information and explanations given to us during the course of our 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 purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - c) The Balance Sheet & Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Profit and Loss account, Cash Flow Statement and Balance Sheet comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representations 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, 2006 from being appointed as a director 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 information and explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and *Subject to the fact that the price of gold imported on loan basis through certain invoices is not fixed as on 31st March, 2006 and also the price of gold in the case of provisional export sales made through certain invoices is not fixed as on 31st March, 2006 (as stated in Para A.6 in schedule 'Q')* Schedule 'Q' 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, 2006 and
 - ii) In the case of the profit and loss account, of the profit for the year ended on that date;
 - iii) In the Case of Cash Flow Statement, of the Cash Flow of the Company for the year ended on that date.

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

Place : Bangalore
Date : 30.05.2006

(P.K. RUNGTA)
Proprietor

RAJESH EXPORTS LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE REPORT OF EVEN DATE OF THE AUDITORS' TO THE MEMBERS OF M/s. RAJESH EXPORTS LIMITED, BANGALORE, ON THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2006.

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 the nature of its assets. However, Fixed assets were physically verified by the Management during the year and no material discrepancies were noticed on such 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 loan 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. 20,99,15,473/-. 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, 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 accepted deposits from Mr. Mahesh Mehta 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. The Company has maintained cost records and accounts as prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956. 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.



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, Service tax, 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 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 we furnish hereunder the particulars of disputed aforesaid dues which have not been deposited :-

Name of the Statute	Nature of the dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is pending
Entry Tax Act	Entry Tax	3,52,844	2001-2002	The Joint Commissioner of Commercial Taxes (Appeals)
Karnataka Sales Tax Act	Sales Tax	1,54,702	2001-2002	— do —
— do —	— do —	1,00,000	2002-2003	— do —
— do —	— do —	2,24,355	2003-2004	— do —

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 immediately 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 (Auditors' 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.
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 by or against the Company has been noticed or reported during the year.

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

Place : Bangalore
Date : 30.05.2006

(P.K. RUNGTA)
Proprietor

RAJESH EXPORTS LIMITED

BALANCE SHEET AS AT 31.03.2006

(Amounts in Indian Rupees)

	SCHEDULE	AS AT 31.03.2006	AS AT 31.03.2005
I SOURCES OF FUNDS			
1. SHARE HOLDERS FUNDS :			
Share Capital	A	73,907,000	70,011,000
Reserves & Surplus	B	<u>2,288,827,561</u>	<u>1,411,531,681</u>
		2,362,734,561	<u>1,481,542,681</u>
2. LOAN FUNDS :			
Secured Loans :			
Term Loan and Working Capital	C	2,388,536,180	1,258,912,762
Loans from banks against fixed deposits	D	10,740,780,040	4,972,469,627
3. UNSECURED LOANS :			
From directors and others	E	<u>313,600,210</u>	<u>190,115,900</u>
		13,442,916,430	<u>6,421,498,289</u>
		15,805,650,991	<u>7,903,040,970</u>
II. APPLICATION OF FUNDS			
1. FIXED ASSETS :			
Gross block		548,502,293	530,145,001
Less : Depreciation		<u>64,282,761</u>	<u>50,486,394</u>
Net block	F	484,219,532	479,658,607
Work in progress		<u>15,282,123</u>	<u>2,857,979</u>
		499,501,655	<u>482,516,586</u>
2. INVESTMENTS			
	G	49,116,800	50,345,400
3. CURRENT ASSETS, LOANS & ADVANCES :			
Inventories	H	1,480,952,744	565,621,781
Sundry debtors	I	3,768,690,271	1,105,072,589
Cash & bank balances*	J	12,108,102,413	5,858,548,156
Loans and advances	K	<u>818,909,015</u>	<u>307,833,637</u>
		18,176,654,443	7,837,076,163
Less : Current Liabilities* & Provisions	L	<u>2,927,845,292</u>	<u>475,120,564</u>
NET CURRENT ASSETS		15,248,809,151	7,361,955,599
4. DEFERRED TAX ASSET			
		8,223,385	8,223,385
		15,805,650,991	<u>7,903,040,970</u>

* Excludes Fixed Deposit with Banks of Rs. 2199,57,60,440/- (Previous Year Rs. 1928,26,19,146/-) given as margin for Letter of credit for imports which are netted off with Letter of credit liability. (Refer Schedule 'J' to 'L')

Schedule 'A' to 'Q' enclosed herewith from 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

Place : Bangalore
Date : 30.05.2006

Chairman

Managing Director

Director

P.K. RUNGTA
Proprietor



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2006

(Amounts in Indian Rupees)

SCHEDULE		2005 - 2006	2004 - 2005
INCOME			
Income from operations* (Refer Note 7 in Schedule 'Q')		54,288,326,727	42,468,124,659
Other income	M	548,358,175	3,200,503
Total		54,836,684,902	42,471,325,162
EXPENDITURE			
Cost of goods sold	N	53,606,829,697	40,473,949,336
Administrative & Selling expenses	O	97,088,483	1,121,866,270
Interest and bank charges	P	416,874,750	430,369,805
Depreciation		14,004,507	13,513,418
Preliminary, preoperative & public issue expenses written off		—	775,380
		54,134,797,437	42,040,474,209
Profit for the year before tax		701,887,465	430,850,953
Provision for taxation for the year		35,909,694	—
Income tax for earlier years		242,384	—
Fringe benefit tax for the year		263,050	—
Profit for the year after tax		665,472,337	430,850,953
Balance as per last account		131,487,681	80,261,540
Profit available for appropriation		796,960,018	511,112,493
Less : Proposed dividend		73,907,000	45,507,150
Tax on dividend		10,365,457	6,382,378
Interim dividend 04-05		—	24,503,977
Tax on interim dividend 04-05		—	3,202,363
Tax on dividend for earlier years		—	28,944
Transferred to general reserve		600,000,000	300,000,000
Balance carried to balance sheet		112,687,561	131,487,681
Earning per share — basic and diluted (Per Equity share of Rs 2/- each, Previous Year Rs 10/- each) (Refer Note 13 of Schedule Q)		18.62	61.54

Schedule 'A' to 'Q' 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

Place : Bangalore
Date : 30.05.2006

Chairman

Managing Director

Director

P.K. RUNGTA
Proprietor

RAJESH EXPORTS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2006

(Amounts in Indian Rupees)

	AS AT 31.03.2006	AS AT 31.03.2005
SCHEDULE "A"		
SHARE CAPITAL		
AUTHORISED :		
3,75,00,000 Equity Shares of Rs. 2/- each (Previous Year 75,00,000 Equity shares of Rs. 10/- each)	<u>75,000,000</u>	<u>75,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP :		
3,69,53,500 equity shares of Rs. 2/- each fully paid up (Previous year 70,01,100 equity shares of Rs. 10/- each fully paid up)	<u>73,907,000</u>	<u>70,011,000</u>
Total	<u>73,907,000</u>	<u>70,011,000</u>
SCHEDULE "B"		
RESERVES AND SURPLUS		
SHARE PREMIUM ACCOUNT :		
As per last account	80,044,000	
Add : Additions during the year	<u>296,096,000</u>	
	376,140,000	80,044,000
GENERAL RESERVE :		
As per last account	120,00,00,000	900,000,000
Add : Additions during the year	<u>60,00,00,000</u>	<u>300,000,000</u>
	1,800,000,000	1,200,000,000
Surplus as per the Profit and Loss account	<u>112,687,561</u>	<u>131,487,681</u>
	2,288,827,561	1,411,531,681
SCHEDULE "C"		
SECURED LOANS		
A. TERM LOAN :		
Uco bank	34,357,400	50,525,475
Canara bank	34,473,412	67,594,774
B. WORKING CAPITAL :		
Uco bank	521,876,240	287,371,267
Canara bank	568,965,478	357,819,429
HSBC	506,884,360	245,675,640
State bank of India	721,979,290	249,926,177
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 & plant & machineries situated at Export Promotion Park, Whitefield. Further the above loans are secured by personal guarantee of directors.	<u>2,388,536,180</u>	<u>1,258,912,762</u>



SCHEDULE “D”

OVERDRAFT ON PLEDGE OF FIXED DEPOSITS

HSBC	1,959	817,297
State bank of India	827,843,942	1,009,589,768
Canara bank	4,735,055,119	1,478,911,391
Bank of India	123,577,647	—
HDFC bank Limited	134,018,064	—
Karnataka bank Limited	21,547,527	—
ICICI bank Limited	—	1,489,090,930
Indus Ind. bank Limited	466,736	—
State bank of Indore	1,774,020,900	1,619,965
State bank of Hyderabad	2,589,600,141	—
State bank Mysore	53,345,392	—
Uco bank	481,302,613	992,440,276
	10,740,780,040	4,972,469,627

SCHEDULE “E”

UNSECURED LOANS

From directors	37,315,473	17,515,900
From others	172,600,000	172,600,000
From banks	103,684,737	—
	313,600,210	190,115,900

SCHEDULE “F”

SCHEDULE OF FIXED ASSETS AS AT 31st MARCH 2006

(Amounts in Indian Rupees)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 01.04.2005	Additions	Sales	Total	As on 01.04.2005	For the year	Withdrawn	Total	As on 31.03.2006	As on 31.03.2005
A. BUSINESS ASSETS										
Land	36,924,097	—	—	36,924,097	—	—	—	—	36,924,097	36,924,097
Buildings	293,973,894	—	—	293,973,894	38,547,421	9,818,728	—	48,366,149	245,607,745	255,426,473
Plant and machineries	50,150,714	5,165,718	—	55,316,432	6,866,413	2,770,093	—	9,636,506	45,679,926	43,284,301
Furniture and fixtures	6,915,148	117,569	—	7,032,717	2,343,856	460,671	—	2,804,527	4,228,190	4,571,292
Office equipments	1,572,732	507,196	—	2,079,928	516,762	96,722	—	613,484	1,466,444	1,055,970
Computers	1,166,953	285,589	—	1,452,542	631,109	202,668	—	833,777	618,765	535,844
Weighing scales	937,403	40,000	—	977,403	286,458	50,878	—	337,336	640,067	650,945
Motor vehicles	6,469,500	1,271,000	934,500	6,806,000	1,294,375	604,747	208,140	1,690,982	5,115,018	5,175,125
Sub total	398,110,441	7,387,072	934,500	404,563,013	50,486,394	14,004,507	208,140	64,282,761	340,280,252	347,624,047
B. OTHER IMMOVABLE PROPERTIES										
Sujatha complex	20,268,360	160,000	—	20,428,360	—	—	—	—	20,428,360	20,268,360
Mohan building	96,371,800	—	—	96,371,800	—	—	—	—	96,371,800	96,371,800
Volga hotel building	2,199,200	409,655	—	2,608,855	—	—	—	—	2,608,855	2,199,200
Land at Kumbalgod	13,195,200	240,000	—	13,435,200	—	—	—	—	13,435,200	13,195,200
Land at Akupette	—	11,095,065	—	11,095,065	—	—	—	—	11,095,065	—
Sub total	132,034,560	11,904,720	—	143,939,280	—	—	—	—	143,939,280	132,034,560
GRAND TOTAL	530,145,001	19,291,792	934,500	548,502,293	50,486,394	14,004,507	208,140	64,282,761	484,219,532	479,658,607
Previous year	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

RAJESH EXPORTS LIMITED

SCHEDULE "G"

INVESTMENTS

LONG TERM INVESTMENTS : At cost

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 : Nil (21,800) equity shares of Rs. 10/-

each fully paid up in Canara bank

—

763,000

Nil (38,800) equity shares of Rs 10/- each

fully paid up in Uco bank

—

465,600

Non Quoted : equity shares in

Sri Ashtalakshmi Marketing (P) Limited :

a. 180 shares of Rs. 200 each fully paid up

23,400

23,400

b. 144 shares of Rs. 1000 each fully paid up

93,600

93,600

Total

49,116,800

50,345,400

Cost

Market value

QUOTED INVESTMENT

Rajesh Global Solution Ltd.

48,999,800

Not traded
during the year

SCHEDULE "H"

INVENTORIES

Stock in trade of gold & gold ornaments

1,478,452,744

563,121,781

Stock in trade of diamonds

2,500,000

2,500,000

Total

1,480,952,744

565,621,781

SCHEDULE "I"

SUNDRY DEBTORS

(Unsecured, Considered good)

Due for more than 6 months

112,852,469

92,324,838

Other debts

3,655,837,802

1,012,747,751

Total

3,768,690,271

1,105,072,589

SCHEDULE "J"

CASH AND BANK BALANCES

Cash in hand

—

8,896

BALANCES WITH SCHEDULED BANKS

In current accounts

193,735

15,744,231

In fixed deposits*

12,107,031,192

5,842,309,243

In unclaimed dividend accounts

877,486

485,786

Total

12,108,102,413

5,858,548,156

* Excludes Fixed Deposits with Banks of Rs. 2199,57,60,440/- (Previous Year Rs. 1928,26,19,146/-) given as margin for Letter of credit for imports which are netted off with Letter of credit liability in Schedule 'L'.



SCHEDULE “K”

LOANS AND ADVANCES

(Unsecured, considered good)

Advance recoverable in cash or in kind or for value to be received or adjusted	813,223,459	307,402,820
Deposits	5,685,556	430,817
Total	<u>818,909,015</u>	<u>307,833,637</u>

SCHEDULE “L”

CURRENT LIABILITIES & PROVISIONS

A. CURRENT LIABILITIES :

Sundry creditors*	2,801,373,405	306,517,967
Advance received from customers	1,455,000	96,537,163
Unclaimed dividend	879,948	473,986
Book overdraft from bank	19,958,370	—
Rent advance	19,700,000	19,700,000
Statutory liabilities	175,582	1,920
‘A’	<u>2,843,542,305</u>	<u>423,231,036</u>

* After netting off of fixed deposits with banks of Rs. 2199,57,60,440/- (Previous year Rs. 1928,26,19,146/-) given as margin for Letter of credit for imports (Refer Schedule ‘J’ above)

B. PROVISIONS :

Proposed dividend	73,907,000	45,507,150
Provision for taxation net of payments including Fringe benefit tax	10,395,987	6,382,378
‘B’	<u>84,302,987</u>	<u>51,889,528</u>
TOTAL ‘A’ + ‘B’	<u>2,927,845,292</u>	<u>475,120,564</u>

SCHEDULE “M”

OTHER INCOME

Receipt on maturity / cancellation of foreign exchange option contracts	291,163,700	—
Fluctuation in foreign currency	68,370,258	—
Dividend	104,200	180,933
Rent	268,655	267,642
Bad debts recovered	4,483,005	—
Profit from trading at commodities exchange	170,803,426	—
Other interest	3,867,334	203,387
Making charges received	153,907	2,548,541
Profit on sale of investments	5,873,690	—
Miscellaneous income	3,270,000	—
Total	<u>548,358,175</u>	<u>3,200,503</u>

RAJESH EXPORTS LIMITED

SCHEDULE "N"

COST OF GOODS SOLD

GOLD JEWELLERY, BULLION,
MEDALLIONS AND DIAMOND :

Opening stocks

565,621,781

764,823,381

Less : VAT credit on opening stock

2,092,183

—

563,529,598

764,823,381

Add : Purchases

54,516,433,499

40,268,953,488

Add : Consumption of consumables

6,384,499

3,119,362

Add : Making charges

841,009

2,269,598

Add : Production expenses

593,836

405,288

55,087,782,441

41,039,571,117

Less : Closing stocks

1,480,952,744

565,621,781

Total

53,606,829,697

40,473,949,336

SCHEDULE "O"

ADMINISTRATIVE AND SELLING EXPENSES

Salaries and wages

44,449,712

39,312,140

Asset maintenance expenses

3,493,773

3,519,356

Electricity charges

2,370,524

2,059,764

Directors' remuneration

239,976

239,976

Professional charges

5,766,958

2,016,330

Postage, telegram & telephones

1,186,870

974,148

Insurance premium

13,822,394

11,595,096

Staff welfare expenses

3,566,693

4,187,930

Travelling & conveyance

1,171,331

712,879

Miscellaneous expenses

2,413,164

2,027,662

AUDITORS REMUNERATION

As audit fees

300,000

300,000

Rates & taxes

3,755,699

2,026,123

Bad debts

—

599,525,589

Loss on sale of fixed assets

466,360

2,192,765

Freight charges (Net)

13,542,246

5,713,102

Advertisement expenses

476,783

398,807

Rent paid

66,000

—

Fluctuation in foreign currency

—

445,064,603

Total

97,088,483

1,121,866,270

SCHEDULE "P"

INTEREST & BANK CHARGES

Interest on term loans

4,958,814

8,343,177

Interest on other loans

391,198,865

128,533,354

Bank charges

20,717,071

18,612,399

Export finance option premium

—

274,880,875

Total

416,874,750

430,369,805



SCHEDULE “Q”

ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2006

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS :

A. SIGNIFICANT ACCOUNTING POLICIES :

1. 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, the General accounting practices prevailing in the country and applicable accounting standards.
- b. The Accounts have been prepared on accrual basis.

2. FIXED ASSETS :

- a. Gross block has been accounted for at their historical cost. Cost comprises the purchase price and any cost attributable to bringing of the asset to its working condition for its intended use.
- a. 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.

3. BORROWING COST :

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalised as a part of the cost of such asset up to the date when such assets is ready for its intended use.

Borrowing cost attributable to import of gold, if any, is added to the cost of Purchase of gold.

Other borrowing costs are charged to the Profit & Loss Account.

4. FOREIGN CURRENCY TRANSACTIONS INCLUDING FUTURES 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 recognised only on maturity/cancellation of such option contracts.

5. 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.

6. REVENUE RECOGNITION :

Sales are recorded net of trade discounts, rebates and Sales Tax some of the goods have seen imported on provisional basis without fixing the gold price some of the goods have also been exported on provisional basis without fixing the price of gold. All the provisional exports and imports have been accounted for as per the customs assessment of the goods. When the price of the import shipment is fixed or when the price of the export shipment is fixed, the final invoice is submitted to the customs and the differential is accounted for as sales or purchase.

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.

7. 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 by the employees.

The Company does not provide leave encashment to its employees.

RAJESH EXPORTS LIMITED

8. 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 realised in near future.

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

9. VALUATION OF INVENTORIES :

Stock in trade of bullions and ornaments is valued at cost or net realisable value (International standard rate as on 31.03.2006), whichever is less for E.O.U unit and in respect of other units at cost or net realisable value (Rate prevailing at Bangalore as on 31.03.2006), whichever is lower.

10. BOOK DEBTS AND ADVANCES :

Write-off of doubtful and unrecoverable book debts and advances have been made, wherever found necessary by the Management.

11. CASH FLOW STATEMENT :

The cash flow statement is prepared by the indirect method 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 – Sales tax and Entry tax demands disputed by the Company Rs. 8,31,901/- (Previous year - Rs. 3,52,844/-)
3. Certain balances under the heads “Debtors, creditors, advance from customers, advances and deposits” are subject to confirmation.
4. Directors remuneration includes remuneration payable to Executive chairman and Managing director Rs. 2,39,976/- (Previous Year - Rs. 2,39,976/-)
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. 200,000/- 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 paid annual premium of Rs. 30,29,175/- during the year which 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	52,83,09,53,509	(40,566,536,900)
Bank Interest earned	1,45,73,73,218	(1,901,587,759)
Total	<u>54,28,83,26,727</u>	<u>(42,468,124,659)</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. 19,71,48,781 as on 31st March, 2006 as there is no virtual certainty that such deferred tax assets can be realised against future taxable profits.
9. As the Company deals with only single product i.e. gold products, 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) Transactions 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	31,68,825 (57,40,434)	— (—)
Expenses - Remuneration	— (—)	3,05,842 (3,31,176)
Income - Rent & Electricity charges	4,61,386 (4,03,354)	— (—)
Out standings - Debit	1,52,759 (28,44,920)	— (—)

(ii) Transactions carried out with related parties referred to in (b) above :

Unsecured Loans taken	Rs. 2,89,00,000/-
Balance outstanding	Rs. 20,99,15,473/-
Interest paid	Rs. 6,80,475/-

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. The Lessees cannot sublease these properties. Total lease rentals recognized as income in the Profit & Loss Account for the year with respect to above is Rs. 2,68,655/- (Previous Year Rs. 2,67,642/-). Total Lease Rentals Paid is Rs. 66,000/- (Previous Year NIL)

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 31.03.2006	Year Ended 31.03.2005
Profit after Taxation	66,54,72,337	43,08,50,953
Weighted average number of shares	3,57,36,667	70,01,100
Earning per share Rs. per equity share of Rs. 2/- each (Previous year Rs 10/- each)		
Basic and diluted	18.62	61.54

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 Q 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. Additional information required in pursuant to paragraph 3 and 4 of the Part II of Schedule VI of the Companies Act, 1956.

	Unit	Quantity	Amount
A. OPENING STOCK			
Gold and Gold Products	Kgs.	1008.339 (1445.835)	56,31,21,781 (76,23,23,381)
Diamond	Cts.	91.9 (91.9)	25,00,00 (25,00,00)
B. PURCHASES			
Gold and Gold Products	Kgs.	77,689.476* (67,458.468*)	54,516,433,499 (40,268,953,488)
Diamond	Cts.	— (—)	— (—)
Alloys	Kgs.	167.363 (133.386)	13,92,734 (3,39,275)
C. SALES TURNOVER			
Gold and Gold Products	Kgs.	76,866.003** (67,398.627**)	52,830,953,509 (40,566,536,900)
Diamond	Cts.	— (—)**	— (—)
D. CLOSING STOCK			
Gold and Gold Products	Kgs.	1996.777 (1008.339)	1,478,452,744 (563,121,781)
Diamonds	Cts.	91.9 (91.9)	2,500,000 (2,500,000)
E. WASTAGES			
Gold and Gold Products	Kgs.	2.398 (630.723)	— —
Diamond	Cts.	NIL (—)	— —
F. EARNINGS IN FOREIGN CURRENCY			
F.O.B. Value of Exports			52,173,897,044 (40,23,22,06,707)
G. EXPENDITURE IN FOREIGN CURRENCY			
Traveling Expenses			5,03,863 (1,03,125)
C.I.F value of Imports			53,070,803,734 (37,808,541,174)

Note : a) Purchases and Sales figures includes Rs. 646,41,074 (Previous Year Rs. 572,49,039) Inter Unit Transfers.
b) Previous year's figures are furnished in brackets.

19. 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

Place : Bangalore
Date : 30.05.2006

Chairman

Managing Director

Director

P.K. RUNGTA
Proprietor



CASH FLOW STATEMENT

(Amounts in Indian Rupees)

	<u>2005-2006</u>	<u>2004-2005</u>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Extra ordinary items	701,887,465	430,850,953
Depreciation	14,004,507	13,513,418
Finance Cost	416,874,750	430,369,805
Bank Interest received	(1,457,373,218)	(1,901,587,759)
Rent Received	(268,655)	(267,642)
Other Interest and dividend	(3,971,534)	(384,320)
Loss on Sale of Fixed Assets (Net)	466,360	2,192,765
Profit on sale of Investment	(5,873,690)	—
Operational Profit before working Capital changes	(334,254,015)	(1,025,312,780)
Adjustments for Decrease (Increase) in Trade and other receivables including Loans & Advances	(2,991,655,078)	888,107,140
Decrease (Increase) in Inventories	(915,330,963)	199,201,600
Increase (Decrease) in Current Liabilities	5,133,452,563	19,015,095,199
Cash generated from operations	892,212,507	19,077,091,159
Direct Taxes paid	(219,422,580)	(173,519,964)
Net cash from Operating Activities	672,789,927	18,903,571,195
B. CASH FLOW FROM INVESTING ACTIVITIES		
Increase in fixed assets	(19,291,792)	(141,356,096)
Sale Proceeds of Fixed Asset	260,000	1,440,500
Investment in Capital WIP	(12,424,144)	(2,857,979)
Decrease in Miscellaneous Expenditure	—	775,380
Sale proceeds of Investments	7,102,290	(117,000)
Bank Interest received	1,457,373,218	1,901,587,759
Other Interest and dividend received	3,971,534	384,320
Rent Received	268,655	267,642
Net cash from Investing Activities	1,437,259,761	1,760,124,526
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Share Capital and Share Premium	299,992,000	—
Finance Cost	(416,874,750)	(430,369,805)
Increase / (Decrease) in Secured Loan (net)	6,897,933,831	3,304,977,907
Increase / (Decrease) in Unsecured Loan (net)	123,484,310	190,115,900
Dividend paid and tax on Dividend	(51,889,528)	(39,758,242)
Net cash from Financing Activities	6,852,645,863	3,024,965,760
Net increase (Decrease) in cash & cash Equivalents (A+B+C)	8,962,695,551	23,688,661,481
Opening cash and cash equivalents	25,141,167,302	1,452,505,821
Closing cash and cash equivalents	34,103,862,853	25,141,167,302

For and on behalf of the Board

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

Place : Bangalore
Date : 30.05.2006

Chairman

Managing Director

Director

P.K. RUNGTA
Proprietor
Membership No. 51184

AUDITOR'S REPORT

We have examined the attached Cash Flow Statement of Rajesh Exports Limited for the year ended 31st March, 2006. The statement has been prepared by the Company based on and is in agreement with the corresponding Profit & Loss account and Balance Sheet of the Company 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 : 30.05.2006

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	31.03.2006		

II. CAPITAL RAISED DURING THE YEAR :

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	Rs. 38,96,000
		Share Premium	Rs. 29,60,96,000

III. POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS : (Rs. in Thousands)

Total Liabilities	15805651	Total Assets	15805651
Sources of Funds		Application of Funds	
Paid-up Capital	73907	Net Fixed Assets	499502
Unsecured Loans	313600	Net Current Assets	15248809
Secured Loans	13129316	Investments	49117
Reserves and Surplus	2288828	Misc. Expenditure	NIL
Deferred Taxation	NIL	Differed Tax Asset	8223

IV. PERFORMANCE OF THE COMPANY : (Rs. in Thousands)

Total Income	54836684	Total Expenditure	54134797
Profit before tax	701887	Profit after tax	665472
Earning Per share in Rs.	18.62	Dividend Rate	100%

V. GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY :

(As per monitory terms)

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

Place : Bangalore
Date : 30.05.2006

Chairman

Managing Director

Director

RAJESH EXPORTS LIMITED

Regd. Office : # 4, Batavia Chambers, Kumara Krupa Road, Kumara Park East, Bangalore-560 001. 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 12th Annual General Meeting on 16.09.2006 at 4.30 P.M. at the Mini Hall, Hotel Woodlands, No. 5, Raj Rammohan Roy Road, Bangalore - 560 001.

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 : # 4, Batavia Chambers, Kumara Krupa Road, Kumara Park East, Bangalore-560 001. INDIA

PROXY FORM

I / We

of

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

of

or failing him

of

of failing him

of

as my / our Proxy to attend and vote for me / us and on my / our behalf at the 12th Annual General Meeting of the Company to be held at 4.30 P.M. at the Mini Hall, Hotel Woodlands, No. 5, Raja Rammohan Roy Road, Bangalore - 560 001 on 16.09.2006.

Signed this day of

Signature of the said

of

Affix Re. 1 Revenue Stamp
