



RAJESH EXPORTS LIMITED

15th
ANNUAL
REPORT

2008 - 2009

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
D-1, Jyothi Complex
134/1, Infantry Road
Bangalore – 560 001

Bankers

Canara Bank
Indian Bank
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 - 6549995; 2499803
Fax: 0422 2499574.
E-mail: info@skdc-consultants.com

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NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Members of **RAJESH EXPORTS LTD** will be held at 10.30 A.M. on 29-09-2009 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 2009 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. G. Shanker Prasad, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

By the Order of the Board
S/d

RAJESH MEHTA
Chairman

Place: Bangalore

Date: 29.07.2009

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 25-09-2009 to 29-09-2009 (both days inclusive) notice of which will appear in the News Paper on 18-09-2009.
4. Members holding shares in Physical form are requested to intimate the Change of Address and their Bank Account details such as Bank Name, Branch with address and Account No. for incorporating the same in dividend warrants to the Registrars and Transfer Agents of the Company M/s. S.K.D.C. Consultants Limited, No. 7, S N Layout, Street No.1, West Powerhouse Road, Tatabad Post, Coimbatore 641012 quoting their respective folio number. Members holding shares in Demat form shall intimate the above details to their Depository Participants (DP's) with whom they have Demat Account.
5. Members seeking any information with regard to the accounts are requested to write to the Company early, so as to enable the Management to keep the information ready.
6. Members/proxies should bring the attendance slip sent herewith duly filled in, for attending the Meeting.
7. Members are requested to address their correspondence, including share transfer matters and change of address to:

S. K. D. C. Consultants Limited, P.B. No. 2979, 11, S. N. Layout, Street No.1,
(West Power House Road), Coimbatore - 641 012. Phone: 0422 - 6549995; 2499803.
Fax: 0422 2499574. E-mail: info@skdc-consultants.com

PROFILE OF RETIRING DIRECTOR WHO OFFERS HIMSELF FOR REAPPOINTMENT:

Mr. G. Shanker Prasad, aged about 49 years, is a Company Secretary by profession. He is also a qualified cost accountant. Being a member in Audit Committee, he advises 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.

RAJESH EXPORTS LIMITED

DIRECTORS' REPORT

Your Directors have great pleasure in presenting their 15th annual report on the business and operations of the Company, for the financial year ended 31st March 2009.

FINANCIAL RESULTS

| | <i>(Rs. in Crores)</i> | <i>(Rs. in Crores)</i> |
|---|--|----------------------------------|
| | For the year ended 31.03.2009 | For the year ended 31.03.2008 |
| Profit Before Depreciation | 100.32 | 233.75 |
| Less : Depreciation | 1.75 | 1.63 |
| Profit after depreciation | 98.57 | 232.12 |
| Less : Provision for taxation Deferred taxation for the year | 11.19 | 25.56 |
| Profit after taxation | 87.38 | 206.56 |
| Add : Balance as per last account | 75.20 | 28.90 |
| Less : Provision for Gratuity liability as at 31.03.2008 | 0.19 | |
| Profit available for appropriation | 162.39 | 235.46 |
| Less : Transfer to general reserves | 100.00 | 150.00 |
| Less : Proposed dividend including tax on Dividend | 18.04 | 10.26 |
| Balance surplus transferred to Balance Sheet | 44.35 | 75.20 |

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. 12361.10 crores compared to that of Rs. 8667.09 crores during the previous year. As a result, the net profit for the year under review, after provision for depreciation and income tax was 87.38 crores. The Company has transferred an amount of Rs. 100.00 crores to the general reserves. As a result, the total reserve of the Company has moved up to 888.13 crores.

DIVIDEND

Keeping in view the profitability of the Company, your Directors have recommended a dividend of 60 %.

DIRECTORS

Mr. G. Shanker Prasad, Director of your Company, retires by rotation; and being eligible offers himself for reappointment.

AUDITORS

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

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 (2AA) of the Companies Act 1956, with respect to Directors responsibility statement, it is hereby confirmed:

1. That for the compilation of the annual accounts for the financial year ended 31.03.2009, the applicable accounting standards have been followed along with proper explanation relating to the material departures.



2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and of the profit of the Company for that period.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of 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 31.03.2009 on a “going concern” basis.

LISTING

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

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

A) RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

Your Company has the largest and one of the finest R&D units in the jewellery industry. The research and development team of the Company comprise of some of the finest designers, metallurgists, chemists and senior craftsman. The Company has been instrumental in developing and introducing several widely acclaimed jewellery designs. The Company has also developed several new systems, procedures and techniques in jewellery manufacturing.

B) FOREIGN EXCHANGE EARNINGS

During the year the Company has reported foreign exchange earnings of Rs. 10538.91 crores (Previous year: Rs. 8063.96 crores). The foreign exchange outgo on account of import of raw materials amounted to Rs. 11698.28 crores (Previous year: Rs. 8233.96 crores).

C) 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.

ACKNOWLEDGEMENTS

Your directors specially wish to place on record, their sincere appreciation to 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, Indian Bank, HSBC and UCO Bank for their continued support. Your Directors also thank all the Shareholders, Consultants, Customers, Vendors, Service providers and Government & Statutory authorities for their continued support.

For and on behalf of the Board

Place: Bangalore
Date: 29.07.2009

RAJESH MEHTA
Chairman

RAJESH EXPORTS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

We are proud of our company's performance in fiscal 2008 which was a very fast paced year for Rajesh Exports Limited. Despite the global economic downturns, our relentless focus on our clients and operating the company with discipline yielded good results. Company achieved a 42.62% increase in its revenue for the year ended 31/3/2009, and its order book position at the end of the financial year was Rs. 1246 crores.

As usual, last year also was an year of recognition for us. The company has won trophy from the President of India for the second highest foreign exchange earner in the country at the FIEO "Niryat Shree" And "Niryat Bandhu" award ceremony. In addition the company has received "State Export Excellence" award under overall category from the Department of Industry and Commerce, Government of Karnataka for 2006-2007.

Our Research & Development group helps us monitor the changing taste of our clients and customers so that we can anticipate consumer preferences and devise innovative ways of satisfying them, so that the company continues to expand its product range with new and innovative designs. The company has initiated plans to enhance its distribution reach by adding new dealers to penetrate into new domestic and international markets as we are committed to stay true to our core-value of creating high quality jewellery products and take our business to the next level of market leadership.

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 Directors of the Company as on 31.03.2009.

| 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 two decades of 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 14 years in management and administration. |
| 05. | Mr. G. Shanker Prasad | Non-Executive & Independent Director | Well known practicing Company Secretary and Cost Accountant. |

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

HUMAN RESOURCES

Rajesh Exports realizes the importance of human resources, which it considers next only to capital in the order of importance. The Company has a pool of highly qualified and experienced professionals, who are instrumental in achieving 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:**

| | 2008-2009 | 2007-2008 |
|-------------------------------|-----------|-----------|
| Return on Net Worth | 11.07% | 26.18% |
| PAT to Sales | 0.73% | 2.38% |
| Fixed Assets Turnover (Times) | 210.92 | 152.99 |
| Sales / Total Assets | 4.17 | 4.92 |

b) **Revenues:**

The business operations of Rajesh Exports Ltd for the year 2008-09 resulted in the Company achieving total revenue of Rs 12361.10 Crores as against 8667.09 Crores during the previous year. The operating revenue for the year (Revenue less other Income) is Rs. 11949.66 Crores.

(Rs. in Crores)

| | 2008-2009 | 2007-2008 |
|-------------------|-----------|-----------|
| Operating Revenue | 11949.66 | 8667.01 |
| Other Income | 411.44 | 00.08 |
| Total Revenue | 12361.10 | 8667.09 |

c) **Operating Income:**

Operating income (excluding other income) for the year 2008-2009 is Rs. 11949.66 Crores as compared to Rs.8667.01 Crores in the previous year.

d) **Cost of Revenue:**

Cost of goods sold for 2008-2009 is Rs. 11861.61 Crores as compared to Rs. 8089.72 Crores in the previous year.

e) **Provision for Taxation:**

The provision for taxation for 2008-2009 is Rs. 11.19 Crores as compared to Rs. 25.56 Crores during the previous year.

f) **Debt:**

The Company as at 31st March 2009 had working capital facilities outstanding with the consortium member Banks of Rs.210.53 Crores.

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 book value of fixed assets for the year ended 31.03.2009 after providing for depreciation is Rs. 64.88 Crores.

h) **Loans and Advances:**

The loans and advances as on 31st March 2009 were Rs. 765.26 Crores as compared to Rs. 238.03 Crores during the previous year.

i) **Cash and Bank Balances:**

REL continues to be a cash positive Company. As on 31st March 2009 the Company had Rs.5537.18 Crores (Net) as cash and bank balances.

h) **Current Liabilities:**

The current liabilities as on 31.03.2009 are Rs.4610.28 Crores.

For and on behalf of the Board

Place: Bangalore
Date : 29.07.09

RAJESH MEHTA
Chairman

RAJESH EXPORTS LIMITED

REPORT ON CORPORATE GOVERNANCE

Rajesh Exports Ltd. recognises the ideals and importance of corporate governance and acknowledges its responsibilities towards all its shareholders, employees, customers and regulatory authorities. The Company believes that a good corporate governance process aims to achieve a balance between the shareholders' interest and corporate goals of the Company. It aims to attain the highest levels of transparency, accountability and integrity to all its shareholders by implementing transparent corporate governance, thereby enhancing the value of the shareholders and their Company.

Accountability improves decision-making and transparency helps to explain rationale behind decision-making and reinforces the shareholders' confidence in the company.

BOARD OF DIRECTORS

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

| Category | Names of Directors | Number of Directors | Composition % | No of Directorship's in other Companies | No. of Executive positions in other Companies | No. of Membership in committees of other companies |
|---------------------------------------|---------------------------|---------------------|---------------|---|---|---|
| Promoter Executive Chairman | 1. Mr. Rajesh Mehta | 2 | 40 % | 1. Rajesh Global Solutions Limited | Nil | 1. Shareholders and Investor Grievance Committee of Rajesh Global Solutions Limited. |
| Managing Director | 2. Mr. Prashant Mehta | | | 2. Astalakshmi Marketing Pvt. Ltd. | Nil | 1. Audit and Compliance Committee of Rajesh Global Solutions Ltd. |
| Independent & non Executive Directors | 1. Mr. P. Siva Shankar | 3 | 60 % | 1. Rajesh Global Solutions Ltd. | Nil | 1. Audit Committee of Rajesh Global Solutions Ltd. |
| | 2. Mr. Venu Madhava Reddy | | | 2. SDS Futura Blocks Pvt. Ltd. | Nil | 2. Investor Grievance Committee of Rajesh Global Solutions Ltd. 1. Audit Committee of Rajesh Global Solutions Ltd. |
| | 3. Mr. G. Shanker Prasad | | | 1. Rajesh Global Solutions Ltd. | Nil | 2. Investor Grievance Committee of Rajesh Global Solutions Ltd. |
| | | | | 1. Gopichand Rohra and Associates Pvt. Ltd. | Nil | Nil |
| | | | | 2. NG Cluster Garments Pvt Ltd. | | |
| | | | | 3. SME's Development Centre. | | |



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

BOARD MEETINGS

During the year 2008-09, sixteen (16) board meetings were held on the following dates :

28.05.2008, 18.06.2008, 30.06.2008, 29.07.2008, 14.08.2008, 02.10.2008, 23.10.2008, 20.11.2008, 02.12.2008, 01.01.2009, 03.01.2009, 07.01.2009, 30.01.2009, 21.02.2009, 07.03.2009 and 21.03.2009.

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> | 16 |
| Mr. Prashant Mehta <i>Managing Director</i> | 16 |
| Mr. P. Shiva Shankar <i>Independent & Non-Executive Director</i> | 10 |
| Mr. Venu Madhava Reddy <i>Independent & Non-Executive Director</i> | 10 |
| Mr. G. Shanker Prasad <i>Independent & Non-Executive Director</i> | 10 |

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 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 Exchanges which, inter-alia, include the following.

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

AUDIT 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 |

RAJESH EXPORTS LIMITED

SHAREHOLDERS & INVESTOR GRIEVANCE COMMITTEE

The Shareholders and Investor Grievance Committee comprises 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 Committee also monitors redressal of complaints from shareholders relating to transfer of shares, non-receipt of balance sheet, dividends etc. and reviewing the share transfers executed by S.K.D.C. Consultants Ltd.

No. of investor complaints received during the year : 09

No. of complaints resolved : 09

No. of complaints pending : 0

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

The Committee has met twelve times during the year.

SHAREHOLDERS & INVESTORS GRIEVANCE COMMITTEE

| Members | Attendance |
|--|------------|
| Mr. Y. Venu Madhava Reddy <i>Independent & Non-Executive Director</i> | 11 |
| Mr. G Shanker Prasad <i>Independent & Non-Executive Director</i> | 12 |
| Mr. Rajesh Mehta <i>Executive Director</i> | 12 |

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.

ANNUAL GENERAL BODY MEETINGS

Details of Annual General Meetings of the company for the last 3 years

| Last 3 AGM's | Date/Time of AGM | Venue |
|--------------|--------------------------------------|---|
| 12th AGM | 16th September 2006 at 4.30 P.M. | Mini Hall, Hotel Wood Lands, Raja Ram Mohan Roy Road, Bangalore |
| 13th AGM | 22nd September 2007 at 4.30 P.M. | Mini Hall, Hotel Wood Lands, Raja Ram Mohan Roy Road, Bangalore |
| 14th AGM | 16th September 2008 at 10.15 A.M. | Mini Hall, Hotel Wood Lands, Raja Ram Mohan Roy Road, Bangalore. |

SPECIAL RESOLUTIONS PASSED DURING LAST THREE FINANCIAL YEARS

At the EGM held on 20.01.07 the Board's proposal for raising USD 150 million in overseas markets through the issue of FCCB bonds was approved by the members of the company. The company successfully completed raising USD 150 million on 13.02.2007.

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



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.

No penalties or strictures were imposed on the Company by any of the Stock Exchanges, Securities and Exchange Board of India or any statutory authority, on any matters related to capital market, during the last three years. However compounding Applications are pending before the Hon'ble Company Law Board in respect of certain provisions of Company Act 1956, including one matter which is before the general court of economic offence.

MEANS OF COMMUNICATION

The Company's quarterly and half yearly un-audited results and audited annual results were published in 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. 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>.

WHISTLE BLOWER POLICY

Company has 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report forms part of the Directors Report.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting : 29th September 2009 at 10:30 A.M.
at the Mini Hall, Hotel Woodlands,
5, Raja Rammohan Roy Road, BANGALORE.

INVESTOR HELP-DESK

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) 6549995, 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 Shareholders and Investor Grievance Committee.

Name of the compliance officer : Mr. Joseph T. D.

All the share transfers received up to 31st March 2009 have been processed.

RAJESH EXPORTS LIMITED

FINANCIAL CALENDAR FOR THE YEAR 2008-09

Financial Year 1st April 2008 to 31st March 2009

| | |
|--|-----------------------------|
| Board meeting for considering audited accounts and recommendation of dividend for the year ending 31.03.2008. | 18.06.2008 |
| Board meeting for considering Un-audited results for the first quarter. | 29.07.2008 |
| Board meeting for considering Un-audited results for the Second quarter. | 23.10.2008 |
| Board meeting for considering Un-audited results for the Third quarter. | 30.01.2009 |
| Board meeting for considering audited results for the financial year ending 31.03.2009 and recommendation of Dividend. | 30.06.2009 |
| Posting of Annual Reports. | on / before 29-08-2009 |
| Book Closure Dates. | 25-09-2009 to 29-09-2009 |
| Last date of receipt of Proxy Forms. | 27-09-2009 |
| Date of AGM. | 29-09-2009 |
| Probable date for dispatch of Dividend Warrants. | Second week of October 2009 |

DIVIDEND

The Board of Directors is pleased to recommend the payment of dividend for the year ended 31st March 2009 @ 60 paise per share or 60 per cent for all the shareholders whose names appear on the register of members as on the book closure date i.e. 25-09-2009.

LISTING ON STOCK EXCHANGES

The National Stock Exchange of India Ltd. (Exchange Code: rajeshexpo)

Bombay Stock Exchange of India Ltd. (Exchange Code: 531500)

MONTHLY HIGH AND LOW QUOTATION AND VOLUME OF SHARES TRADED FROM 01.04.2008 TO 31.03.2009.

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 |
|------------------------|--------------------------|-------------------------|-------------------------|-------------------|
| @ Re. 1 / Share | | | | |
| April, 2008 | 101.20 | 76.80 | 367,99,557 | 32,676.35 |
| May, 2008 | 103.90 | 85.50 | 372,72,505 | 36,044.71 |
| June, 2008 | 91.35 | 58.00 | 307,65,732 | 24,343.79 |
| July, 2008 | 59.50 | 46.55 | 346,49,390 | 18,425.77 |
| August, 2008 | 54.90 | 45.60 | 225,25,182 | 11,623.07 |
| September, 2008 | 51.25 | 25.50 | 189,60,285 | 7,459.71 |
| October, 2008 | 29.55 | 18.10 | 318,51,107 | 7,415.20 |
| November, 2008 | 32.95 | 20.30 | 172,93,064 | 4,553.50 |
| December, 2008 | 29.40 | 24.00 | 158,56,995 | 4,066.11 |
| January, 2009 | 27.90 | 19.00 | 214,24,018 | 5,320.68 |
| February, 2009 | 27.85 | 22.90 | 149,02,080 | 3,722.64 |
| March, 2009 | 26.40 | 21.75 | 129,14,233 | 3,029.04 |



ON BOMBAY STOCK EXCHANGE LTD., MUMBAI (BSE)

| Period | Highest Quotation in Rs. | Lowest Quotation in Rs. | Volume of shares Traded | Turnover in Lakhs |
|-----------------------|-----------------------------|----------------------------|----------------------------|----------------------|
| @ Re. 1/ Share | | | | |
| April, 2008 | 95.80 | 77.00 | 1,79,01,739 | 15,974.75 |
| May, 2008 | 103.90 | 78.50 | 1,62,18,782 | 15,739.07 |
| June, 2008 | 91.25 | 57.80 | 1,30,61,757 | 9,914.71 |
| July, 2008 | 59.40 | 46.60 | 15,705,188 | 8,353.13 |
| August, 2008 | 55.50 | 45.80 | 41,73,378 | 5,555.10 |
| September, 2008 | 51.45 | 26.20 | 73,19,637 | 2,931.55 |
| October, 2008 | 29.70 | 18.55 | 2,32,08,050 | 5,297.59 |
| November, 2008 | 33.00 | 20.25 | 1,37,60,509 | 3,257.29 |
| December, 2008 | 29.30 | 20.15 | 70,05,417 | 1,793.92 |
| January, 2009 | 27.80 | 20.80 | 1,25,80,424 | 3,137.24 |
| February, 2009 | 27.80 | 22.40 | 75,34,280 | 1,886.10 |
| March, 2009 | 26.40 | 21.60 | 1,87,43,853 | 4,219.71 |

DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH 2009

| Value (in Rs.) | No. of share holders | % | Amount (Rs) | % |
|--------------------|----------------------|---------------|------------------|---------------|
| Up to 5,000 | 99930 | 99.20 | 27164689 | 10.57 |
| 5,001 to 10,000 | 432 | 0.43 | 3073438 | 1.20 |
| 10,001 to 20,000 | 175 | 0.17 | 2499710 | 0.97 |
| 20,001 to 30,000 | 62 | 0.06 | 1536133 | 0.60 |
| 30,001 to 40,000 | 24 | 0.02 | 829930 | 0.32 |
| 40,001 to 50,000 | 17 | 0.02 | 756923 | 0.29 |
| 50,001 to 1,00,000 | 29 | 0.03 | 2096089 | 0.82 |
| 1,00,001 and above | 62 | 0.06 | 219051375 | 85.23 |
| TOTAL | 100731 | 100.00 | 257008287 | 100.00 |

CATEGORIES OF SHAREHOLDERS AS ON 31st MARCH 2009

| Category | No of Shares | % |
|--|------------------|------------|
| Indian Promoters | 149127180 | 58.024 |
| Foreign Institutional Investors | 8215005 | 3.196 |
| Private Corporate Bodies | 10736859 | 4.178 |
| Indian Public/Mutual Fund / Financial Institutions etc. | 48131376 | 18.728 |
| NRI's / OCB's | 40797867 | 15.874 |
| TOTAL | 257008287 | 100 |

DEMATERIALIZATION OF EQUITY SHARES

The Company's shares are under compulsory dematerialization list and can be transferred through depository system. The Company has 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 31.03.2009, 99.802% shares of the Company were in electronic form.

RAJESH EXPORTS LIMITED

| | No. of shares | % of holding |
|---|---------------------|----------------|
| No of shares held in CDSL | 13255369 | 5.158 |
| No of shares held in NSDL | 243244206 | 94.644 |
| Total No. of shares held in DE-Mat form | 256499575 | 99.802 |
| No. of shares held in Physical form | 5,08,712 | 0.198 |
| Grand Total | 25,70,08,287 | 100.000 |

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 of the Company that the procedures 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 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.
- (i) There 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.

For and on behalf of the Board

Place : Bangalore

Date : 30.06.2009

PRASHANT MEHTA

Managing Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

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 31.03.2009, 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 accounts 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 number of complaints pending 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 Accountants

(C. A. P. K. RUNGTA)

Proprietor

M.No. 051184

Place: Bangalore

Date: 30.06.2009



AUDITOR'S 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 2009, 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 Central government 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, the company has kept proper books of account as required by law 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 except that there is non-compliance of Accounting Standard 11 and Accounting Standard 1 as premium or discount arising at the inception of a forward contract is booked at the inception itself to the Profit and Loss Account and not amortised.
 - 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 2009 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; *(i) the fact that the price of gold imported on loan basis through certain invoices is not fixed as on 31st March 2009 and also the price of gold in the case of provisional export sales made through certain invoices is not fixed as on 31st March 2009 (as stated in Para A.6 in schedule 'S'), the effect of which is not quantified, (ii) that confirmations of balances from Debtors, creditors, advance from customers, advances & deposits (as stated in Para B.3 in Schedule 'S') read with other notes in Schedule 'S' annexed to the audited accounts, 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 2009 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

(C.A. P.K. RUNGTA)
Proprietor
Membership No. 051184

Place: Bangalore
Date: 30th June 2009

RAJESH EXPORTS LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE REPORT OF EVEN DATE OF THE AUDITOR'S TO THE MEMBERS OF M/S. RAJESH EXPORTS LIMITED, BANGALORE, ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009.

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. 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 held by the company 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 the amount outstanding as at the year end is Rs.20,19,42,220 (Maximum amount taken at any time of the year was Rs.28,12,65,473). 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 and services. 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 particulars of contracts or arrangements referred to in section 301 of the companies Act, 1956, if any have been entered in the register maintained under section 301 of the companies Act, 1956. The transactions made in pursuance of such contracts or arrangements, exceeding the value of rupees five lakhs in respect of any party during the year, if any, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has accepted deposits from an individual and the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions 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, Service tax, Customs Duty, Excise 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 |
|-------------------------|--------------------|---------------|------------------------------------|--|
| Income Tax Act | Income Tax | 20,22,80,471 | 2004-05 | The CIT(A) |
| | | 11,85,59,233 | 2003-04 | The CIT(A) |
| Entry Tax Act | Entry Tax | 1,76,422 | 2001-02 | The Joint Commissioner of Commercial Taxes (Appeals) |
| Karnataka Sales Tax Act | Sales Tax | 1,54,702 | 2001-02 | --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 (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 company did not have any outstanding term loans at the end of the year. However, the company have a sum of Rs. 371,77,76,000 outstanding as on 31st March 2009 as FCCB issue proceeds shown under the head 'Unsecured Loans' in Schedule 'E' annexed to the accounts. Out of the outstanding FCCB amount, the company have paid a sum of Rs. 271,97,02,970 as an advance to M/S AGR Matthey, a foreign company, for which we are unable to express our opinion whether the said payment is for the purpose for which it was obtained.
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 created any security or charge in respect of debentures/bonds issued.
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

(C.A. P.K. RUNGTA)
Proprietor

Membership No. 051184

Place: Bangalore
Date: 30th June 2009

RAJESH EXPORTS LIMITED

BALANCE SHEET AS 31st MARCH 2009

(Amount in Indian Rupees)

| | Schedule | As at 31.03.2009 | As at 31.03.2008 |
|---|----------|-----------------------|-----------------------|
| SOURCES OF FUNDS | | | |
| SHARE HOLDERS FUNDS: | | | |
| Share Capital | A | 257,008,287 | 250,613,298 |
| Reserves & Surplus | B | 8,881,343,179 | 7,638,603,505 |
| | | 9,138,351,466 | 7,889,216,803 |
| LOAN FUNDS: | | | |
| Secured Loans: | | | |
| Term Loan and Working Capital | C | 2,105,395,091 | 2,047,290,935 |
| Loans from banks | | | |
| against fixed deposits | D | 13,479,961,607 | 3,851,622,556 |
| Unsecured Loans: | | | |
| From directors and others | E | 3,919,718,220 | 3,809,303,473 |
| | | 19,505,074,918 | 9,708,216,964 |
| | | 28,643,426,384 | 17,597,433,767 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross block | | 756,094,763 | 657,121,746 |
| Less : Depreciation | | 112,229,986 | 95,008,236 |
| Net block | F | 643,864,777 | 562,113,510 |
| Work in progress | | 4,968,816 | 4,406,630 |
| | | 648,833,593 | 566,520,140 |
| INVESTMENTS | G | 3,849,116,800 | 1,363,027,800 |
| CURRENT ASSETS, LOANS & ADVANCES | | | |
| Inventories | H | 1,742,931,322 | 2,458,249,590 |
| Sundry debtors | I | 5,472,697,787 | 5,042,730,008 |
| Cash & bank balances | J | 55,371,793,938 | 50,023,685,890 |
| Loans and advances | K | 7,652,607,181 | 2,380,372,187 |
| | | 70,240,030,228 | 59,905,037,675 |
| Less : Current Liabilities & Provisions | L | 46,102,833,434 | 44,245,458,952 |
| Net current assets | | 24,137,196,794 | 15,659,578,723 |
| DEFERRED TAX ASSET | | 8,223,385 | 8,223,385 |
| MISCELLANEOUS EXPENDITURE | M | 55,812 | 83,719 |
| | | 28,643,426,384 | 17,597,433,767 |

Schedule 'A' to 'S' 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 : 30.06.2009

RAJESH MEHTA
Chairman

PRASHANT MEHTA
Managing Director

Company Secretary

C.A. P.K. Rungta
Proprietor
M.No. 051184

RAJESH EXPORTS LIMITED



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009

(Amount in Indian Rupees)

| | Schedule | As at 31.03.2009 | As at 31.03.2008 |
|--|----------|------------------------|-----------------------|
| INCOME | | | |
| Income from operations * | | | |
| (Refer Note | N | 119,496,647,862 | 86,670,154,922 |
| B8 in Schedule 'S') | | | |
| Other income | O | 4,114,388,399 | 750,194 |
| | | 123,611,036,261 | 86,670,905,116 |
| EXPENDITURE | | | |
| Cost of goods sold | P | 118,616,109,262 | 80,897,236,921 |
| Administrative & Selling expenses | Q | 2,575,923,104 | 1,956,109,903 |
| Interest and bank charges | R | 1,415,742,627 | 1,479,986,126 |
| Depreciation | | 17,556,905 | 16,282,704 |
| Preliminary expenses written off | | 27,907 | 27,907 |
| | | 122,625,359,805 | 84,349,643,561 |
| Profit for the year before tax | | 985,676,456 | 2,321,261,555 |
| Provision for taxation for the year | | (111,677,143) | (255,309,448) |
| Income tax for earlier years | | - | (6,250) |
| Fringe benefit tax for the year | | (238,953) | (332,632) |
| Profit for the year after tax | | 873,760,360 | 2,065,613,225 |
| Balance as per last account | | 752,047,682 | 289,056,216 |
| Provision for Gratuity liability as at 31 March 2008 | | (1,869,766) | - |
| Profit available for appropriation | | 1,623,938,276 | 2,354,669,441 |
| Less : Proposed dividend | | (154,204,972) | (87,714,654) |
| Dividend for earlier years | | (10,106) | - |
| Tax on dividend | | (26,207,135) | (14,907,105) |
| Tax on Dividend for earlier years | | (1,718) | - |
| Transferred to general reserve | | (1,000,000,000) | (1,500,000,000) |
| Balance carried to balance sheet | | 443,514,345 | 752,047,682 |
| Earning per share | | | |
| (Per Equity share of Rs 1/- each, | | | |
| Basic | | 3.40 | 8.24 |
| Diluted | | 3.04 | 7.19 |
| (Refer Para 14 of Notes to Account Schedule S) | | | |

Schedule 'A' to 'S' 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 : 30.06.2009

RAJESH MEHTA
Chairman

PRASHANT MEHTA
Managing Director

Company Secretary

C.A. P.K. Rungta
Proprietor
M.No. 051184

RAJESH EXPORTS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2009

(Amount in India Rupees)

| | As at 31.03.2009 | As at 31.03.2008 |
|---|----------------------|------------------|
| SCHEDULE "A" | | |
| SHARE CAPITAL | | |
| Authorised : | | |
| 30,00,00,000 Equity Shares of Rs.1/- each (Previous Year 30,00,00,000 Equity shares of Rs.1/- each) | 300,000,000 | 300,000,000 |
| Issued, subscribed and paid up : | | |
| 25,70,08,287 equity shares of Rs.1/- each fully paid up (Previous year 25,06,13,298 equity shares of Rs.1/- each fully paid up) | 257,008,287 | 250,613,298 |
| (includes 14,78,14,000 equity shares of Rs 1/ each issued as bonus shares on capitalisation of general reserve) | 257,008,287 | 250,613,298 |
| SCHEDULE "B" | | |
| RESERVES AND SURPLUS | | |
| Share premium account | | |
| As per last account | 2,984,369,823 | 177,733,050 |
| Add : Additions during the year | 551,273,011 | 2,806,636,773 |
| | 3,535,642,834 | 2,984,369,823 |
| GENERAL RESERVE | | |
| As per last account | 3,902,186,000 | 2,550,000,000 |
| Add: Additions during the year | 1,000,000,000 | 1,500,000,000 |
| | | 4,050,000,000 |
| | 4,902,186,000 | 147,814,000 |
| Surplus as per the Profit and Loss account | 443,514,345 | 752,047,682 |
| | 8,881,343,179 | 7,638,603,505 |
| SCHEDULE "C" | | |
| SECURED LOANS: | | |
| A. Working Capital: | | |
| Uco Bank | 595,535,250 | 892,597,485 |
| Canara Bank | 604,473,044 | 590,303,450 |
| IDBI Bank Limited | 171,899,000 | - |
| State Bank of Hyderabad | 160,235,297 | - |
| HSBC Limited | 573,252,500 | 564,390,000 |
| Above loans 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. | | |
| | 2,105,395,091 | 2,047,290,935 |



SCHEDULE "D"

(Amount in India Rupees)

OVERDRAFT ON PLEDGE OF FIXED DEPOSITS

| | As at 31.03.2009 | As at 31.03.2008 |
|------------------------------------|-----------------------|----------------------|
| Canara Bank | 1,708,950,426 | 820,269,323 |
| AXIS Bank Limited | 366,482,640 | - |
| HSBC Limited | 852,315,501 | - |
| HDFC Bank Limited | - | 52,313 |
| Indian Bank | 4,301,416 | 951,898,559 |
| IDBI Bank Limited | 3,148,322,648 | 28,333,065 |
| Indus Ind Bank Limited | 350,206,164 | 24,635,882 |
| ING Vysya Bank Limited | 45,098,182 | - |
| Karnataka Bank Limited | 1,549,167 | 1,134,024 |
| State Bank of Hyderabad | 610,731,442 | 54,495,545 |
| State Bank of India | 1,690,002,610 | 571,451,243 |
| State Bank of Mysore | 3,403,460,891 | 514,514,188 |
| Syndicate Bank | 97,272,699 | - |
| Tamil Nadu Mercantile bank Limited | 556,713,957 | 17,451,198 |
| Uco Bank | 644,553,864 | 865,023,167 |
| Yes Bank Limited | - | 2,364,049 |
| | 13,479,961,607 | 3,851,622,556 |

SCHEDULE 'E'

UNSECURED LOANS

| | | |
|----------------|----------------------|----------------------|
| From Directors | 30,842,220 | 100,315,473 |
| From Others | 171,100,000 | 210,524,000 |
| FCCB Issue | 3,717,776,000 | 3,498,464,000 |
| | 3,919,718,220 | 3,809,303,473 |

SCHEDULE "F"

SCHEDULE OF FIXED ASSETS AS AT 31 ST MARCH 2009

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--------------------------------------|--------------------|--------------------|------------------|--------------------|-------------------|-------------------|----------------|--------------------|--------------------|--------------------|
| | As on | Additions | Sales | Total | As on | For the | Withdrawn | Total | As on | As on |
| | 1.4.2008 | | | | 1.4.2008 | Year | | | 31.3.2009 | 31.3.2008 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| A. Business assets | | | | | | | | | | |
| Land | 36,924,097 | - | - | 36,924,097 | - | - | - | - | 36,924,097 | 36,924,097 |
| Buildings | 309,052,792 | - | - | 309,052,792 | 68,163,664 | 10,322,363 | - | 78,486,027 | 230,566,765 | 240,889,128 |
| Plant and machineries | 85,666,306 | 426,667 | - | 86,092,973 | 17,007,931 | 4,534,909 | - | 21,542,840 | 64,550,133 | 68,658,375 |
| Generator | 2,944,621 | - | - | 2,944,621 | 112,844 | 155,476 | - | 268,320 | 2,676,301 | 2,831,777 |
| Furniture and fixtures | 16,609,649 | - | - | 16,609,649 | 4,010,431 | 1,101,154 | - | 5,111,585 | 11,498,064 | 12,599,218 |
| Office equipments | 3,572,658 | 1,209,846 | - | 4,782,504 | 897,839 | 206,179 | - | 1,104,018 | 3,678,486 | 2,674,819 |
| Computers | 3,433,511 | 226,846 | - | 3,660,357 | 1,524,292 | 554,500 | - | 2,078,792 | 1,581,565 | 1,909,219 |
| Weighing scales | 1,260,638 | - | - | 1,260,638 | 452,618 | 66,562 | - | 519,180 | 741,458 | 808,020 |
| Borewell | - | 148,000 | - | 148,000 | - | 4,578 | - | 4,578 | 143,422 | - |
| Motor vehicles | 7,337,000 | - | 903,500 | 6,433,500 | 2,838,617 | 611,183 | 335,155 | 3,114,645 | 3,318,856 | 4,498,383 |
| Sub total | 466,801,272 | 2,011,359 | 903,500 | 467,909,131 | 95,008,236 | 17,556,905 | 335,155 | 112,229,986 | 355,679,145 | 371,793,036 |
| B. Other immovable properties | | | | | | | | | | |
| Sujatha complex | 20,505,157 | - | - | 20,505,157 | - | - | - | - | 20,505,157 | 20,505,157 |
| Mohan building | 97,715,861 | - | - | 97,715,861 | - | - | - | - | 97,715,861 | 97,715,861 |
| Volga hotel building | 2,608,855 | - | - | 2,608,855 | - | - | - | - | 2,608,855 | 2,608,855 |
| Land at Kumbalgod | 13,435,200 | - | - | 13,435,200 | - | - | - | - | 13,435,200 | 13,435,200 |
| Land at Akupette | 11,195,065 | - | - | 11,195,065 | - | - | - | - | 11,195,065 | 11,195,065 |
| Property in Kerala | 31,317,950 | - | 3,582,020 | 27,735,930 | - | - | - | - | 27,735,930 | 31,317,950 |
| Property at Devanhalli | 12,174,066 | - | - | 12,174,066 | - | - | - | - | 12,174,066 | 12,174,066 |
| Jayashree Complex | - | 13,183,210 | - | 13,183,210 | - | - | - | - | 13,183,210 | - |
| Commercial Street | - | 88,263,968 | - | 88,263,968 | - | - | - | - | 88,263,968 | - |
| Land at Peenya | 1,368,320 | - | - | 1,368,320 | - | - | - | - | 1,368,320 | 1,368,320 |
| Sub total | 190,320,474 | 101,447,178 | 3,582,020 | 288,185,632 | - | - | - | - | 288,185,632 | 190,320,474 |
| Grand total | 657,121,746 | 103,458,537 | 4,485,520 | 756,094,763 | 95,008,236 | 17,556,905 | 335,155 | 112,229,986 | 643,864,777 | 562,113,510 |
| Previous year | 596,223,549 | 60,898,197 | - | 657,121,746 | 78,725,532 | 16,282,704 | - | 95,008,236 | 562,113,510 | 517,498,017 |

RAJESH EXPORTS LIMITED

(Amount in India Rupees)

SCHEDULE "G"

As at 31.03.2009 As at 31.03.2008

INVESTMENTS

Long term investments- At cost

| | | |
|---|----------------------|---------------------|
| A. Quoted : 48,99,980 (48,99,980) equity share of Rs 10/- each fully paid up in Rajesh Global Solutions Ltd. | 48,999,800 | 48,999,800 |
| HSBC Mutual Fund FTS 49 20,000,000 Units | 200,000,000 | 200,000,000 |
| HDFC Mutual Fund FMP 37D 48,000,000 Units | 480,000,000 | 480,000,000 |
| HSBC Mutual Fund FTS 46 62,000,000 Units | 620,000,000 | 620,000,000 |
| Birla Sunlife 6,000,000 Units | 60,000,000 | - |
| Fidelity FMP Series A 60,000,000 Units | 600,000,000 | - |
| HSBC FTS - 59 - 80,000,000 Units | 800,000,000 | - |
| HSBC TFHFS -64 - 52,000,000 Units | 520,000,000 | - |
| HSBC TFHF 52,000,000 Units | 520,000,000 | - |
| B. Non Quoted: shares in | | |
| 1. Sri Ashtalakshmi Marketing Pvt Ltd | | |
| a. 180 equity share of Rs.200 each fully paid up | 23,400 | 23,400 |
| b. 144 equity share of Rs.1000 each fully paid up | 93,600 | 93,600 |
| 2. Laabh Jewel Gold Pvt Ltd | | |
| a. 30,99,000 equity share of Rs 1 each fully paid up | 3,099,000 | 3,099,000 |
| b. 88,02,000 convertible Preference share of Rs 1 each fully paid up | 8,802,000 | 8,802,000 |
| 3. Oyzterbay Pvt Ltd | | |
| a. 1,09,600 equity share of Rs 10/ each fully paid up | 1,523,180 | 1,523,180 |
| b. 48,682 Preference share of Rs 1000/ each fully paid up | 486,820 | 486,820 |
| | 3,863,027,800 | 1,363,027,800 |
| Less : Provision | 13,911,000 | - |
| | 3,849,116,800 | 1,363,027,800 |
| Quoted Investment | <i>Cost</i> | <i>Market Value</i> |
| Rajesh Global Solution Ltd. | 48,999,800 | Not Traded |
| Mutal Funds | 1,300,000,000 | 1,300,000,000 |

SCHEDULE "H"

INVENTORIES

| | | |
|---|----------------------|---------------|
| Stock in trade of gold & gold ornaments | 1,672,886,291 | 2,405,155,593 |
| Stock in trade of diamonds | 70,045,031 | 53,093,997 |
| | 1,742,931,322 | 2,458,249,590 |

SCHEDULE "I"

SUNDRY DEBTORS*

(Unsecured)

| | | |
|--|----------------------|---------------|
| Due for more than 6 months - Considered good | 173,744,916 | 10,587,238 |
| Due for more than 6 months - Considered doubtful | 3,477,236 | 6,453,155 |
| Other debts | 5,298,952,871 | 5,032,142,770 |
| | 5,476,175,023 | 5,049,183,163 |
| Less: Provision for doubtful debts | 3,477,236 | 6,453,155 |
| | 5,472,697,787 | 5,042,730,008 |

*Note Refer Para B4 of Schedule 'S' annexed herewith



(Amount in India Rupees)

SCHEDULE “J”

| | As at 31.03.2009 | As at 31.03.2008 |
|--|------------------------------|------------------------------|
| CASH AND BANK BALANCES | | |
| Cash in hand | 21,000,000 | - |
| Balances with scheduled banks | | |
| In current accounts | 9,977,325 | 9,720,670 |
| In fixed deposits | 53,728,059,937 | 46,690,682,950 |
| In unclaimed dividend accounts | 1,916,643 | 1,457,501 |
| Deposit in Foreign currency : | | |
| Uco Bank Singapore | 1,613,340,033 | 1,782,590,806 |
| United Overseas Bank Singapore | - | 1,539,233,963 |
| | <u>55,374,293,938</u> | <u>50,023,685,890</u> |
| Less : Provision for doubtful balances | 2,500,000 | - |
| | <u><u>55,371,793,938</u></u> | <u><u>50,023,685,890</u></u> |

SCHEDULE “K”

| | | |
|---|-----------------------------|-----------------------------|
| LOANS AND ADVANCES | | |
| A. Loans given | | |
| Secured - Considered good | 2,041,800,000 | - |
| Unsecured - Considered good | 85,500,000 | - |
| B. Advance recoverable in cash or in kind or for value to be received or adjusted (Unsecured) | | |
| Advances- Considered good | 5,516,920,174 | 2,374,442,124 |
| Advances- Considered doubtful | 254,023,394 | 8,591,113 |
| Deposits - Considered good | 8,387,007 | 5,930,063 |
| | <u>7,906,630,575</u> | <u>2,388,963,300</u> |
| Less: Provision for doubtful advances | 254,023,394 | 8,591,113 |
| | <u><u>7,652,607,181</u></u> | <u><u>2,380,372,187</u></u> |

*Note Refer Para B4 of Schedule ‘S’ annexed herewith

SCHEDULE “L”

| | | |
|--|------------------------------|------------------------------|
| CURRENT LIABILITIES & PROVISIONS | | |
| A. Current liabilities | | |
| Sundry creditors | 45,684,877,966 | 44,110,359,955 |
| Advance received from customers | 176,019,483 | 10,694,815 |
| Unclaimed dividend | 1,916,643 | 1,457,501 |
| Book overdraft from bank | 672 | 381,058 |
| Outstanding Liabilities | 2,303,485 | - |
| Franchise deposit | 32,424,000 | - |
| Rent advance | 21,246,992 | 19,700,000 |
| Statutory liabilities | 965,970 | 58,667 |
| | <u>45,919,755,211</u> | <u>44,142,651,996</u> |
| B. Provisions | | |
| Proposed dividend | 154,204,972 | 87,714,654 |
| Provision for tax on dividend including Fringe benefit tax | 26,207,135 | 15,092,302 |
| Provision for Gratuity | 2,666,116 | - |
| | <u>183,078,223</u> | <u>102,806,956</u> |
| TOTAL ‘A’ + ‘B’ | <u><u>46,102,833,434</u></u> | <u><u>44,245,458,952</u></u> |

RAJESH EXPORTS LIMITED

(Amount in India Rupees)

SCHEDULE "M"

MISCELLANEOUS EXPENDITURE

Preliminary Expenses

| As at 31.03.2009 | As at 31.03.2008 |
|------------------|------------------|
| 55,812 | 83,719 |
| <u>55,812</u> | <u>83,719</u> |

SCHEDULE "N"

INCOME FROM OPERATIONS

Sales

Bank Interest Received (Tax deducted at source
Rs 791,320,100 ;Previous Year Rs 716,422,924)

| | |
|------------------------|-----------------------|
| 113,769,134,617 | 81,876,247,979 |
| 5,727,513,245 | 4,793,906,943 |
| <u>119,496,647,862</u> | <u>86,670,154,922</u> |

SCHEDULE "O"

OTHER INCOME

Rent

Profit on cancellation of forward

Profit on cancellation/maturity of Export finance
contracts

Other Interest Received (TDS Rs 22,163,767)

Delivery Charges

Insurance Claim

Making Charges

Bad debt recovered

Professional Tax refund

Customs Duty refund

| | |
|----------------------|----------------|
| 714,190 | 148,484 |
| 2,262,135,694 | - |
| 1,690,925,000 | - |
| 158,585,068 | - |
| 39,980 | - |
| 1,555,881 | - |
| 432,586 | - |
| - | - |
| - | 1,710 |
| - | 600,000 |
| <u>4,114,388,399</u> | <u>750,194</u> |

SCHEDULE "P"

COST OF GOODS SOLD

Gold jewellery, bullion, medallions and diamond:

Opening stocks

Add : Purchases etc

Add : Consumption of consumables

Add : Making charges

Add : Production expenses

Less : Closing stocks

| | |
|------------------------|-----------------------|
| 2,458,249,590 | 956,633,515 |
| 117,896,259,977 | 82,390,227,886 |
| 3,403,364 | 5,362,031 |
| 1,127,653 | 2,533,046 |
| - | 730,033 |
| <u>120,359,040,584</u> | <u>83,355,486,511</u> |
| 1,742,931,322 | 2,458,249,590 |
| <u>118,616,109,262</u> | <u>80,897,236,921</u> |



(Amount in India Rupees)

SCHEDULE "Q"

ADMINISTRATIVE AND SELLING EXPENSES

| | As at 31.03.2009 | As at 31.03.2008 |
|---------------------------------|----------------------|----------------------|
| Salaries and wages | 39,506,211 | 45,333,736 |
| Asset maintenance expenses | 3,594,426 | 2,969,589 |
| Electricity charges | 3,062,069 | 3,449,683 |
| Directors' remuneration | 239,976 | 239,976 |
| Professional charges | 62,310,591 | 1,309,963 |
| Postage, telegram & telephones | 1,453,737 | 1,614,532 |
| Insurance premium | 18,420,952 | 17,320,099 |
| Staff welfare expenses | 2,480,591 | 3,609,235 |
| Gratuity | 796,350 | - |
| Travelling & conveyance | 1,242,562 | 2,223,247 |
| Miscellaneous expenses | 7,105,914 | 3,780,514 |
| Bad Debts | 1,769,905 | - |
| Provision for doubtful debts | 258,867,362 | 8,341,113 |
| Auditors remuneration : | | |
| As audit fees | 300,000 | 300,000 |
| Rates & taxes | 392,479 | 5,498,347 |
| Loss on sale of fixed assets | 323,345 | - |
| Loss on theft | - | 430,701 |
| Loss on MCX Trading | 563,518,253 | 394,028,571 |
| Frieght charges (Net) | 15,120,001 | 13,499,735 |
| Advertisement expenses | 314,015 | 8,311,255 |
| Commission | 16,669,842 | 3,806,995 |
| Rent paid | 8,663,526 | 3,693,872 |
| Fluctuation in foreign currency | 1,569,770,997 | 1,436,348,740 |
| | 2,575,923,104 | 1,956,109,903 |

SCHEDULE "R"

INTEREST & BANK CHARGES

| | | |
|-------------------------------|----------------------|----------------------|
| Interest on term loans | - | 586,641 |
| Interest on other loans | 1,389,390,985 | 1,309,450,776 |
| Bank charges | 26,351,642 | 14,507,109 |
| Export finance option premium | - | 155,441,600 |
| | 1,415,742,627 | 1,479,986,126 |

RAJESH EXPORTS LIMITED

SCHEDULE 'S'

Annexed to and forming part of the accounts for the year ended 31st March 2009

Significant accounting policies and notes to accounts:

A. Significant accounting policies:

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. Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation/amortisation. All Costs relating to the acquisition, construction and installation of Fixed Assets are capitalized and include financing costs, if any, relating to borrowed funds attributable to construction or acquisition of Fixed Assets, up to the date the assets is ready for intended use, net of adjustments arising from exchange rate differences relating to specific borrowings, wherever applicable, attributable to those Fixed Assets.
- b. Depreciation on fixed assets is provided on straight-line method basis at the rates and in the manner prescribed in Schedule XIV to 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 asset is ready for its intended use.

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

4. Foreign currency transactions including futures and option contracts thereon:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities without forward foreign exchange contract are translated at year-end exchange rates. The resulting exchange gain/loss on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise 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, if any, 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 value added tax, if any, and is inclusive of foreign currency fluctuation . Some of the goods have been 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 dispatch of goods.

Interest on Bank Deposits and on other interest bearing loans are accounted on accrual basis.

Dividend income on investments is accounted for when the right to receive the payment is established.

7. Employees 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 accounted on basis of Actuarial Valuation for the year. Gratuity liability up to 31st March 2008 is charged off to Profit & Loss Appropriation Account.

The company does not provide leave encashment and carry forward of accumulated leave to next year to its employees.

8. Taxation:

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

Deferred tax is recognized; on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized 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 is valued at cost or net realisable value (International standard rate as on 31.03.2009), whichever is less for E.O.U & SEZ units and in respect of other units at cost or net realisable value (Rate prevailing at Mumbai as on 31.03.2009), whichever is lower. The last formula used for this purpose is first in first out (FIFO) method and includes direct cost incurred in bringing the items of inventory to their present location and conditions.

10. Book debts and advances:

Provision/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.

12. Business segments

The company is mainly engaged in the business of gold and gold products. These, in the context of Accounting Standard 17 on Segment Reporting, issued by the Institute of Chartered Accountants of India, are considered to constitute one single primary segment.

RAJESH EXPORTS LIMITED

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:
 - (a) Sales tax and entry tax demands disputed by the Company Rs.8,31,901/- (Previous year – 8,31,901/-)
 - (b) The Company had received an order from the tax authorities dated December 27, 2006 for the period April 1, 2003 to March 31, 2004 demanding a tax payment of Rs 9,99,60,890. The Commissioner of Income Tax (Appeals) has passed an adverse order confirming the order of assessing authority. The Company has appealed against the said order before the Income Tax Appellate Tribunal, and the Income Tax Appellate Tribunal has passed an order allowing the deduction under Section 10B of the Income Tax Act but did not allow a sum of Rs 200 lakhs paid as commission by the company. Against the order of the Income Tax Tribunal, the Company and the Income Tax Department both have appealed before Hon'ble High Court of Karnataka and the Company firmly believes that the issue will be settled in its favour for their other claims.

The Company has also received an order from the tax authorities dated July 26, 2007 for the period April 1, 2004 to March 31, 2005 demanding an additional tax payment of Rs 84,35,58,994. The Company has appealed before the Commissioner of Income Tax (Appeals) against the said order and firmly believes that the issue will be settled in its favour.

Further, the Company had received an order from the tax authorities dated January 31, 2008 for the period April 1, 2005 to March 31, 2006 demanding an additional tax payment of Rs 20,59,47,800. The Company has appealed before the Commissioner of Income Tax (Appeals) against the said order and firmly believes that the issue will be settled in its favour.

Further, the Company has received an penalty order from the tax authorities for the period April, 2003 to March, 2004 demanding an amount of Rs.11,85,89,233. The Company has appealed against the said order before the Commissioner of Income Tax (Appeals) and firmly believes that the issue will be settled in its favour.

3. Certain balances under the heads "Debtors, creditors, advance from customers and advances are subject to confirmation.
4. Sundry debtors includes nil (Previous year Rs. 13,31,962) and loans and advances includes Rs.14,52,41,250 (Previous year Rs. 17,94,76,516) due from the companies under the same management within the meaning of sub-section (1-B) of section 370 of the Companies Act. The particulars of the same is furnished hereunder:

| Sundry Debtors | Current Year | Previous Year | Maximum Amount due at any time during the year |
|---------------------------|---------------------|----------------------|---|
| Oyterbay Pvt Ltd | ---- | 13,31,962 | 13,31,962 |
| Loans and advances | | | |
| Laabh Jewels Gold Pvt Ltd | 14,52,41,250 | 17,92,21,541 | 17,92,21,541 |
| Oyterbay Pvt Ltd | ----- | 2,55,075 | 2,55,075 |

5. Directors remuneration includes remuneration payable to Executive chairman and Managing director of Rs.2,39,976/- (Previous Year Rs.2,39,976/-)



6. 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.
7. The company has taken a key man's insurance policy from Life Insurance Corporation of India on the life of Mr. Rajesh Mehta, Executive chairman for a sum assured of Rs 300 lakhs with ten year term and paid annual premium of Rs.30,69,766/- 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.
8. Income from operations includes bank interest earned Rs. 572,75,13,245/-; previous year Rs. 479,39,06,943/-. Interest earned on fixed deposits with banks is recognised as income from operations since these deposits are utilised for the business of the company.
9. 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 etc. on account of timing differences of Rs. 1,34,65,83,325 as on 31st March 2009, previous year 63,97,526 as there is no virtual certainty that such deferred tax assets can be realised against future taxable profits.

The break up of deferred tax assets not recognised is furnished hereunder:

| | CURRENT YEAR | PREVIOUS YEAR |
|--|---------------|---------------|
| (a) Deferred tax assets | | |
| Unabsorbed Business loss | 139,68,19,055 | 5,42,71,270 |
| Unabsorbed long term capital loss | 78,104 | 78,104 |
| Total | 139,68,97,159 | 5,43,49,374 |
| (b) Deferred tax liability | | |
| Time difference on account of depreciation | (4,20,90,449) | (3,97,28,463) |
| (c) Net deferred tax assets | 135,48,06,710 | 1,46,20,911 |
| Less: already accounted | 82,23,385 | 82,23,385 |
| | 134,65,83,325 | 63,97,526 |

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. Zero coupon FCCB were issued on 17th February 2007 for US \$ 150 millions (Rs661.35 crores at issue).The Bond holders have an option to convert FCCB into Equity shares at an initial conversion price of Rs.575/- per equity share of Rs.2/- each of the company at a fixed exchange rate of conversion at Rs.44.09 equal to US\$ 1, between 19.02.2007 to 10.02.2012. The conversion price is subject to adjustment in circumstances as described in the offering letter. The company may redeem the bonds in whole, but not in part, at any time at the accreted principle amount in the event of certain changes relating to taxation in India, and subject to the receipt of regulatory approval. Unless previously converted redeemed or re-purchased and cancelled, the bonds will mature on 21.02.2012 @ 148.22% of their principle amount subject to the receipt of regulatory approval, the company will, at the option of bond holder, redeem any outstanding bonds upon their occurrence of a de-listing of

RAJESH EXPORTS LIMITED

the shares from the NSE or BSE, at the accreted principle amount. During the year, some of the Bond holders have exercised their options to convert FCCB into equity shares and consequent to this 63,94,989 (Previous year Rs.2,88,92,298.00) equity shares of Rs 1/- each has been allotted by the Company.

12. Related party disclosures

(In term of Accounting standard-18)

A. Relationship:

- a) Related parties where control exists:
Rajesh Global Solutions Limited
Laabh Jewel Gold Pvt Ltd
Oyzyterbay Pvt Ltd
- 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 with related parties referred to in (a) & (c) above in ordinary course of business:

| Nature of transactions | Related Parties | Key Management Personnel |
|-------------------------------------|--------------------------------|--------------------------|
| Sales | ----- (10,37,19,168) | ----- (---- |
| Expenses -Remuneration | ----- (-----) | 3,51,189 (3,11,976) |
| Income – Rent & Electricity charges | ---- (3,00,000) | ---- (---- |
| Out standings - Debit | 14,52,41,250 (18,08,08,478) | ---- (---) |

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

| | |
|---------------------|------------------------------------|
| Balance outstanding | Rs. 20,19,42,220 (27,14,15,473) |
| Interest paid | Rs. NIL |

13. Accounting Standard 19-Leases:

The company has let out and taken 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.7,14,190/- (Previous Year Rs.1,48,484/-) and total Lease rentals recognized as expenditure is Rs 86,63,526/- (Previous Year Rs 36,93,872/-)



14. 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 issued potential Equity shares and accordingly, the basic earning per share and diluted earning per share are computed. Earning per share has been computed as under:

| Description | Year Ended 31.03.2009 | Year Ended 31.03.2008 |
|--|--------------------------|--------------------------|
| Profit after Taxation | 87,37,60,360 | 2,06,56,13,225 |
| Weighted average number of shares for basic EPS | 25,70,08,287 | 25,06,81,217 |
| Weighted average number of shares for diluted EPS | 28,72,89,739 | 28,72,89,739 |
| Earning per share Rs. per equity share of Rs. 1/- each (Previous year Rs.1/- each.) | | |
| Basic | 3.40 | 8.24 |
| Diluted | 3.04 | 7.19 |

15. 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.
16. In the opinion of the management, no provision is required against contingent liabilities referred to in Schedule 'S' Para B Point 2.
17. Based on the information/documents available with the Company, the amount due to small-scale industries is nil.
18. Unclaimed dividend accounts are subject to reconciliation.
19. Additional information required 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. | 2226.785 | 2,405,155,593 |
| | | (1148.166) | (954,133,515) |
| Diamond | Cts | 2311.710 | 53,093,997 |
| | | (90.55) | (25,00,000) |
| B. PURCHASES | | | |
| Gold and Gold Products | Kgs. | 89,668.386* | 117,877,741,047 |
| | | (80,500.815) | (82,339,633,889) |
| Diamond | Cts | 789.390 | 18,518,930 |
| | | (2221.160) | (50,593,997) |
| Alloys | Kgs | 81.843 | 309,830 |
| | | (144.255) | (257,242) |

*Note: Quantity details for Purchases of Jewellery worth Rs.3,72,09,000 made from M/s.Oyzterbay Pvt Ltd is not included as the Purchases are made of Assorted items. The same is not included in closing stock quantity also.

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| | Unit | Quantity | Amount |
|---|------|----------------------------|-------------------------------------|
| C. SALES TURNOVER | | | |
| Gold and Gold Products | Kgs | 90,434.906 (79,564.448) | 113,765,938,213 (81,876,247,979) |
| Diamond | Cts | 103.880 (--) | 3,196,404 (--) |
| D. CLOSING STOCK | | | |
| Gold and Gold Products | | 1535.882 (2226.785) | 1,672,886,291 (2,405,155,593) |
| Diamonds | | 2997.220 (2311.710) | 70,045,031 (53,093,997) |
| E. WASTAGES/LOST | | | |
| Gold and Gold Products | Kgs | 6.226 (2.003) | |
| Diamond | Cts | Nil (--) | |
| F. EARNINGS IN FOREIGN CURRENCY | | | |
| F. O. B Value of Exports | | | 105,389,118,739 (80,639,672,461) |
| G. EXPENDITURE IN FOREIGN CURRENCY : | | | |
| Traveling Expenses | | | ---- (64,285) |
| C.I.F value of Imports of Rawmaterials | | | 116,982,822,605 (82,339,633,889) |

Previous year's figures are furnished in brackets.
The Previous year's figures are regrouped / rearranged wherever deemed necessary.

For and on behalf of the Board

Place: Bangalore
Date : 30.06.2009

RAJESH MEHTA
Chairman

PRASHANT MEHTA
Managing Director

Company Secretary

As per our Report of even date
For P.K. Rungta & co,
Chartered accountants,

C.A. P.K. Rungta
Proprietor
M.No. 051184



CASH FLOW STATEMENT

(Amount in Indian Rupees)

| | 2008-2009 | 2007-2008 |
|---|-----------------|------------------|
| A. Cash Flow from Operating Activities | | |
| Net Profit before tax and Extra ordinary items | 985,676,456 | 2,321,261,555 |
| Depreciation | 17,556,905 | 16,282,704 |
| Provision for Gratuity liability as at 31 March 2008 | (1,869,766) | - |
| Finance Cost | 1,415,742,627 | 1,479,986,126 |
| Loss on sale of Fixed assets | 323,345 | - |
| Rent Received | (714,190) | (148,484) |
| Preliminary Expenses Written off | 27,907 | 27,907 |
| Operational Profit before working Capital changes | 2,416,743,284 | 3,817,409,808 |
| Adjustments for Decrease (Increase) in Trade and other receivables including Loans & Advances | (5,000,396,049) | 3,580,410,502 |
| Decrease (Increase) in Inventories | 715,318,268 | (1,501,616,075) |
| Increase(Decrease) in Current Liabilities | 1,857,374,482 | 10,815,819,227 |
| Cash generated from operations | (10,960,015) | 16,712,023,463 |
| Direct Taxes paid | (813,722,820) | (716,576,609) |
| Net cash from Operating Activities | (824,682,835) | 15,995,446,854 |
| B. Cash Flow from Investing Activities | | |
| Increase in fixed assets | (104,020,723) | (45,964,933) |
| Sale Proceeds of Fixed Asset | 3,827,020 | - |
| Increase in Miscellaneous Expenditure | - | - |
| (Purchase)/Sale proceeds of Investments | (2,486,089,000) | (1,300,000,000) |
| Rent Received | 714,190 | 148,484 |
| Net cash from Investing Activities | (2,585,568,513) | (1,345,816,449) |
| C. Cash Flow from Financing Activities | | |
| Increase in Share Capital and Share Premium | 557,668,000 | 2,835,529,071 |
| Finance Cost | (1,415,742,627) | (1,479,986,126) |
| Increase /(Decrease) in Secured Loan | 9,686,443,207 | (20,434,567,160) |
| Increase /(Decrease) in Unsecured Loan | 110,414,747 | (3,091,007,009) |
| Dividend paid and tax on Dividend | (180,423,931) | (102,621,759) |
| Net cash from Financing Activities | 8,758,359,396 | (22,272,652,983) |
| Net increase(decrease) in cash & cash equivalents(A+B+C) | 5,348,108,048 | (7,623,022,579) |
| Opening cash and cash equivalents | 50,023,685,890 | 57,646,708,469 |
| Closing cash and cash equivalents | 55,371,793,938 | 50,023,685,891 |

For and on behalf of the Board

As per our Report of even date
For P.K. Rungta & co,
Chartered accountants,

Place: Bangalore
Date : 30.06.2009

RAJESH MEHTA
Chairman

PRASHANT MEHTA
Managing Director

Company Secretary

C.A. P.K. Rungta
Proprietor
M.No. 051184

AUDITOR'S REPORT

We have examined the above Cash Flow Statement of Rajesh Exports Limited for the year ended 31st March 2009. 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 and Covered by our report of even date.

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

Place: Bangalore
Date : 30.06.2009

(C.A. P.K. RUNGTA)
Proprietor
M.No. 051184

RAJESH EXPORTS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

| | | | |
|--------------------|------------|------------|----|
| Registration No. | 17077 | State Code | 08 |
| Balance Sheet Date | 31.03.2009 | | |

II. CAPITAL RAISED DURING THE YEAR

| | | | |
|--------------|-------------|-------------------|------------|
| Public Issue | NIL | Rights issue | NIL |
| Bonus Issue | 147,814,000 | Private Placement | 28,892,298 |

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

| Total Liabilities | | Total Assets | |
|--------------------------|----------------|-----------------------------|----------------|
| Sources of Funds | | Application of Funds | |
| Paid-up Capital | 250,613,298 | Net Fixed Assets | 64,883,593 |
| Unsecured Loans | 3,919,718,220 | Net Current Assets | 24,137,196,794 |
| Secured Loans | 15,585,356,698 | Investments | 3,849,116,800 |
| Reserves & Surplus | 8,881,343,179 | Misc. Expenditure | 55,812 |
| Deferred taxation | NIL | Deffered Tax Asset | 8,223,385 |

IV. PERFORMANCE OF COMPANY

| | | | |
|--------------------------|--------------------------|-------------------|-----------------|
| Total Income | 123,611,036,261 | Total Expenditure | 122,625,359,805 |
| Profit Before Tax | 985,676,456 | Profit After Tax | 873,760,360 |
| Earning per share in Rs. | Per equity share of Rs.1 | Dividend Rate | 60% |
| Basic | 3.40 | | |
| Diluted | 3.04 | | |

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

| | |
|---------------------|-------------------------------|
| Item Code No. | 71131901 |
| (ITC Code) | |
| Product Description | GOLD JEWELLERY AND MEDALLIONS |

For and on behalf of the Board

Place: Bangalore
Date : 30.06.2009

RAJESH MEHTA
Chairman

PRASHANT MEHTA
Managing Director

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 15th Annual General Meeting at the Mini Hall, Hotel Woodlands, No.5, Raja Rammohan Roy Road, Bangalore - 560 001 on 29.09.2009 at 10.30 A.M.

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 15th Annual General Meeting of the Company to be held at the Mini Hall, Hotel Woodlands, No.5, Raja Rammohan Roy Road, Bangalore - 560 001. on 29.09.2009 at 10.30 A.M.

Signed this _____ day of _____

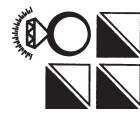
Signature of the said _____

Affix Re. 1
Revenue
Stamp

of _____

Book-Post

If undelivered please return to :



RAJESH EXPORTS LIMITED

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