



# *Rajesh* Exports Limited (REL)

**Quarterly Results Update**

*September-December 2011*



# About us

- REL is today the **world's largest and ONLY** integrated gold jewellery company from gold **refining** to gold jewellery **manufacturing** to gold jewellery **exports** to over 20 countries worldwide and gold jewellery **retail** through 75 own and franchisee stores.
- **Largest exporter** of gold jewellery from India with **40% share** in gold jewellery exports from India.
- **Largest gold jewellery manufacturer in the world** with an installed Capacity of 250 tpa.
- **Lowest cost producer** of Gold Jewellery in the World.
- One of the **world's largest R&D unit** in the field of Gold Jewellery.



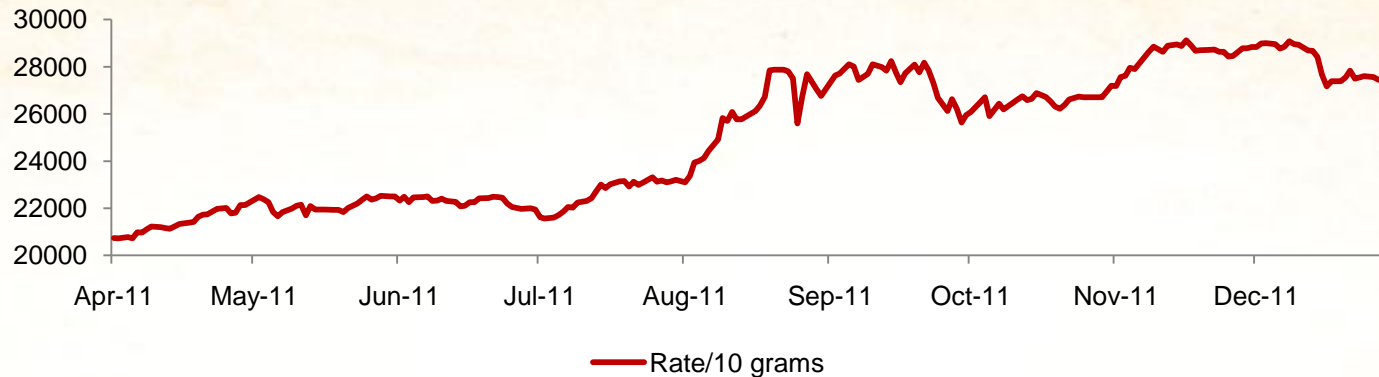
## *About us*

- **Proprietary technology** to ensure Standardization, Consistency, Color and Durability.
- **Lowest wastage-** In comparison to industry standards of 3%, REL processes Gold at a wastage of **0.25%**, resulting in huge cost savings.
- An active portfolio of More than 30,000 gold jewellery designs which is **Largest in the world.**
- REL is the only Indian company to be recognized by **Government of India** as a “**Five Star Export House**” in the field of gold jewellery.
- Distributes gold jewellery to more than **6,000 retail outlets** across India.
- **REL** owns and operates **75 retail stores** across India under “**SHUBH Jewellers**” brand.
- REL is largest retailer of gold jewellery in South India.



# Gold in Q3FY12

## Gold Prices



- Gold prices witnessed a sharp rise of 30.71% in 9MFY12
- Gold touched a life time high of Rs 29123/10 grams on November 16<sup>th</sup> 2011
- Domestic demand was slightly affected post Diwali due to the higher prices
- The euphoria in the gold markets was mainly due to
  - Uncertain financial conditions in Global Economies
  - Gold being one of the best safe havens for people to invest.

# Gold, India and REL

- India is the largest consumer of gold in the world with an annual consumption of 900 tonnes valued at USD 50 billion at current prices.
- South India represents 45% of the Indian gold jewellery market
- In India, gold doubles up as both an ornament and as an investment.
- The gold jewellery market is fragmented with about half a million traditional gold jewellery retailers across the country.
- About 96% of the Indian gold jewellery trade is unorganized and very few organized players and even fewer, with size.
- Even though the unorganized trade charges higher rates, delivers lower consistency and purity it still manages to thrive due to closed nature of the trade and due to the personal selling capacity of the local retail jeweller. The ignorance of the customer with regard to purity and price also plays a major part.
- 96% of the gold jewellery trade is filled with inconsistency in pricing, quality, purity and service - an opportunity as we see it.
- There is a huge scope for 4% of the organized trade growing and taking at least 15% share in the next five years through superior product and pricing and partnering with the existing 96% trade. This is our vision.

THE STATED VISION OF REL  
SELL GOLD JEWELLERY TO  
ONE IN EVERY TEN  
INDIANS IN THE NEXT  
THREE YEARS AND  
THAT TOO  
WITH A 10% SAVINGS TO  
THE END CUSTOMER.

# Income Statement

(Rs Millions)	Q3FY12	Q3FY11	Y-o-Y	Q2FY12	Q-o-Q
Income from Operations	65117.79	51763.90	25.80%	57671.19	12.91%
Cost of Goods sold	62720.46	50612.75		55935.01	
Admin & Selling Expense	164.73	80.94		164.31	
EBIDTA	2232.60	1070.21	108.61%	1571.87	42.03%
EBIDTA Margin (%)	3.4%	2.1%		2.7%	
Depreciation	9.00	6.68		5.39	
Interest	1075.95	302.33		495.70	
Profit before Tax (PBT)	1147.65	761.20	50.77%	1070.78	7.1%
Tax	-	-		-	
Profit after Tax (PAT)	1147.65	761.20	50.77%	1070.78	7.1%



# *Financial Highlights*

- Q3FY12 witnessed significant improvement in EBIDTA margins which stood at 3.4% compared to 2.7% in Q3FY11.
- Margin increase was due to the growing share of the retail business in the overall revenues which stood at 7.6% for Q2FY12
- Other driver of margin was the increased share of the branded exports business.
- Depreciating rupee and higher gold prices has led to increase in working capital significantly



# Operational Highlights

	Q3FY12	Q3FY11	Y-o-Y	9MFY12	9MFY11	Y-o-Y
<b>Volumes (Tonnes)</b>						
<b>Refinery</b>	10.32	-	-	25.82	-	-
<b>Manufacturing</b>	25.14	22.98	9.39%	70.76	65.95	7.29%
<b>Exports</b>	23.26	21.63	7.53%	65.35	63.64	2.68%
<b>Retail</b>	1.82	0.62	193%	4.23	1.56	171%
<b>Average Realization per gram (Rs)</b>	2593	2327	11.4%	2432	2221	9.5%
<b>Exports</b>	2584	2392	8.02%	2419	2218	9.06%
<b>Retail</b>	2706	2412	12.1%	2549	2342	8.83%
<b>EBIDTA Margin (%)</b>	3.41	2.05		3.03	2.08	
<b>Exports</b>	3.15	1.34		2.81	1.97	
<b>Retail</b>	6.52	5.85		6.21	5.71	

# Operational Highlights

## Retail

	Q3FY12	Q3FY11	Y-o-Y	9MFY12	9MFY11	Y-o-Y
No. of Operational stores	75	36	108%	75	36	108%
Area (sqft)	61400	21024	192%	61400	21024	192%
Volume (kgs)	1821	621	193%	4231	1532	176%
Average realization per gram	2706	2412	12%	2643	2355	12%
Revenues (Rs cr)	492	149	230%	1118	360	210%
EBIDTA Margin (%)	6.52	5.85		6.21	5.71	

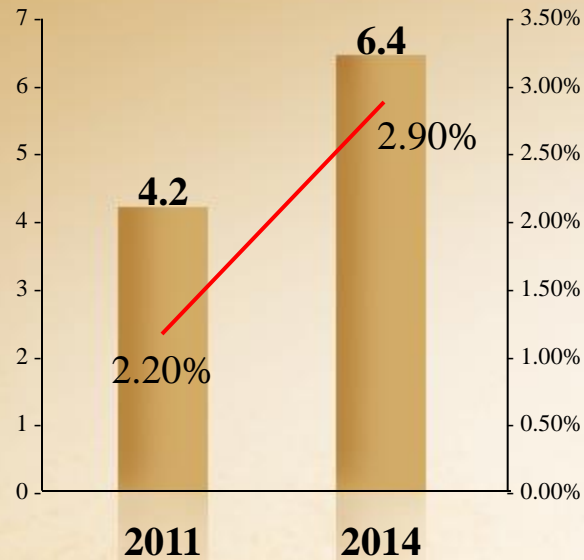
# *Outlook for Q4FY12*

- Refining** Volumes at Uttaranchal Refinery to increase from 25 tonnes in 9MFY12 to 40 tonnes by FY12
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- Manufacturing** Gold Jewellery manufacturing at Bangalore manufacturing plant to increase from 70 tonnes in 9MFY12 to 105 tonnes by FY12
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- Exports** Exports to increase from Rs. 158 billions in H1FY12 to ~Rs.220 billions by FY12
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- Retail** Full benefit on revenues and EBIDTA of the 25 new stores opened in Q3FY12  
2000 new jewellery design would be introduced in all retail showrooms for the oncoming wedding season  
9% revenue contribution and 18% EBIDTA contribution

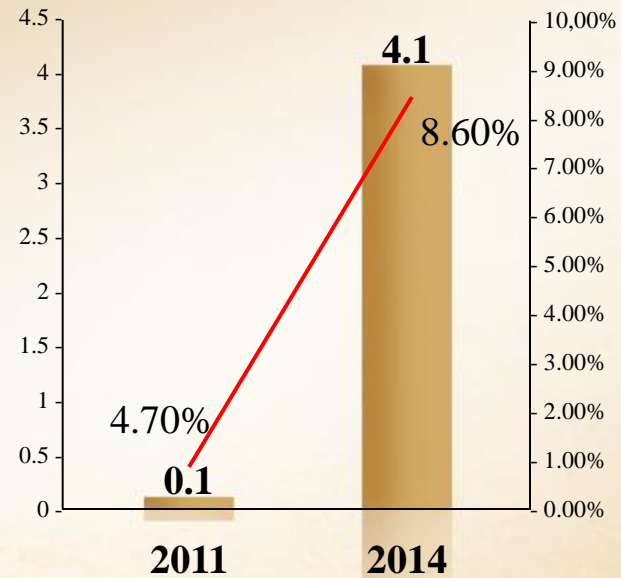
# Vision 2014



## Exports



## Retail



Revenues (USD bn) — EBIDTA Margin

Revenues (USD bn) — EBIDTA Margin

# *Thank You*



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