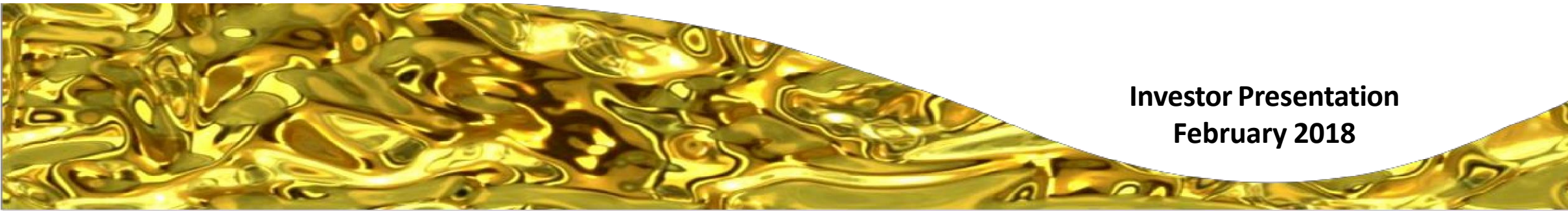




RAJESH EXPORTS LTD

GLOBAL PRESENCE IN GOLD AND GOLD PRODUCTS



Investor Presentation
February 2018



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Company Snapshot



Company Overview

01

World's largest gold Company and the only end to end provider across value chain of gold

- Headquartered in Bangalore, India (1989) with extensive global manufacturing and marketing network with distribution through Exports, Wholesale and directly to consumers by own Retail brand

02

World's largest refiner of gold

- Refines over 35% of world's gold. Refineries located at Balerna in Switzerland and Uttarakhand in India. Capacity to refine 2,400 tons of precious metal per annum

03

World class state-of-art manufacturing facilities

- Located at Bangalore (India), Cochin (India) and Dubai (UAE) with total capacity of 350 tons per annum

04

World's lowest cost gold products producer

- Strong, robust systems & advanced technology for production and strong R&D

05

Advanced R&D and Designing facility

- R&D units located at Bangalore(India) and Balerna(Switzerland) - constantly engaged in developing new designs & processes and technology for refining and manufacture of gold jewellery, leading to portfolio of over 1 Million designs

06

Consistent Performance with high returns

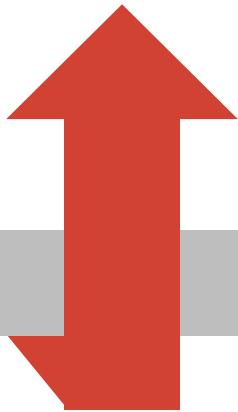
- Since inception, consistently demonstrated profitable growth and Dividend paying Company with 100% Dividend payout for past 9 years
- 27% ROCE & 21% ROE



Journey So Far

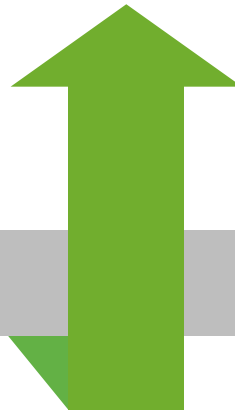
1988-1990

- Brothers Rajesh Mehta and Prashant Mehta joined family retail
- First organized gold jewellery manufacturing facility in India



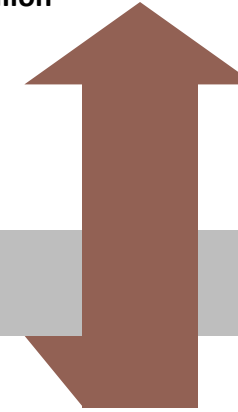
2002-2006

- Set up World's largest manufacturing facility
- Sales cross USD 1 Bln



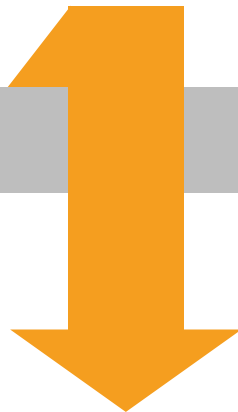
2014-2015

- Set up 80 SHUBH Jewellers Showrooms in state of Karnataka
- Acquired World's largest gold refinery, Valcambi based in Switzerland for US\$ 400 million



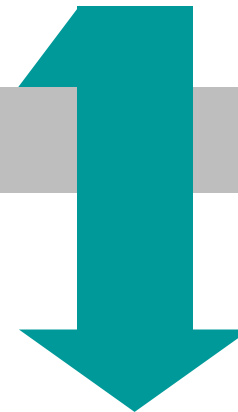
1994-1995

- Largest exporter and wholesaler of gold jewellery in India
- Listed and traded on BSE and NSE



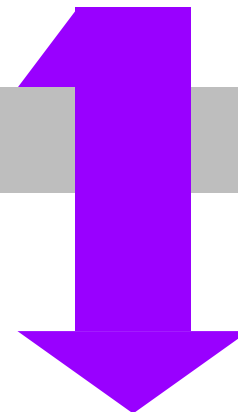
2010-2012

- Set up refining facility at Uttarakhand, India of 400 tons capacity
- Set up retail chain stores under brand- "SHUBH Jewellers"



2016-2017

- Sales cross USD 37 Bln
- Enters Global Fortune 500 list





Management Team

Mr Rajesh Mehta (Chairman)

In charge of overall functioning of Company
BSc, 35 years of experience

Mr Michael Mesaric, CEO of Valcambi

In charge of refining activities
20 years of experience at Credit Suisse and
UBS, 15 years with Valcambi

Mr Bhavesh M , CEO – Marketing

In charge of Marketing operations
B.com, 14 years with REL

Mr Siddharth Mehta , Head of Strategy

In charge of Investor Relations &
Corporate Communications
BBM, 7 years with REL

Mrs Vijayalaxmi , Full time director

In charge of Human Resources Development
Bsc, 25 years of experience at KSCCF, 10 years with REL

Mr Prashant Mehta (Managing Director)

In charge of manufacturing facilities
B.com, 37 years of experience

Mr Prashanth Sagar , CEO – Production

In charge of Manufacturing activities
B.com, Own Factory, 20 years with REL

Mr Govinda Raju, CEO – Retail

In charge of Retail operations
B.com, 16 years with REL

Mr Vijendra Rao, Chief Financial Officer

In charge of finance & accounts
B.com LLB, 26 years in Hindustan Lever, 7 years with REL

Ms Stuti Agarwal Company Secretary

In charge of all legal & compliance matters
Company Secretary, LLB, 1 year with REL



Industry Dynamics



Industry - Gold Value Chain



- Begins with Mining and ends with Retail passing through Refining, Manufacturing, and Distribution in form of Exports and Wholesale
- Various value addition points across value chain
 - Mining constitutes different type of activity and business compared to other activities
 - Profit margin in mining depends on various aspects and differs from mine to mine based on grade of ore and process costs.
- After mining, gold attains standard pricing, thereafter pricing gets defined across various stages of value chain.
- Refining has small value addition of about 0.3% to 0.6% to value of gold
 - Value addition after refining depends on type of jewellery manufactured from gold bullion
 - Broadly - two types of jewellery, one is western type of jewellery of lower caratage of 9,12, and 14 cts wherein value addition from bullion to retailing is about 45% of gold value and the other is Asian type of jewellery wherein value addition from bullion to retailing is about 25%
- Between various segments of value chain, Retail has highest value addition

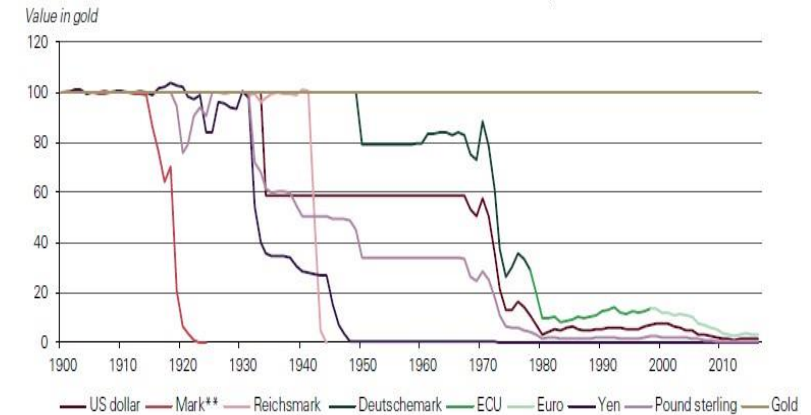




Global Gold Industry

- Annually ~2,900 tons of gold mined globally; ~4,000 tons of gold consumed (difference accounted by recycled gold)
- **73%** physical gold demand comes from developing countries; **54 %** from China and India
- China is largest producer in the world in 2015, accounting for around 15% of total production. Asia produces 22 % of total newly-mined gold
- Central and South America produce around 17% of total, North America producing around 16%, Australia and Russia produce around 8% and Africa produces around 19%
- In 2015, 186,700 tonnes of stocks in existence above ground- while rarity endures, sources of gold have become geographically-diverse
- Global gold demand rose at its fastest pace ever in 2016
- Demand for gold spiked by 21% from January to March in 2016 to 1,290 tonnes
- Globally, funds invest in gold, and investment expected to increase at double digits over time
- Consumption of gold by retail expected to grow by ~10% p.a, production of gold expected to decline over of time, due to scarcity of new mineable gold resources

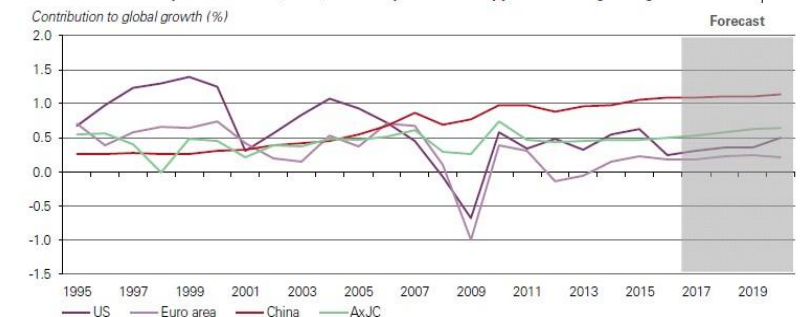
All major currencies have depreciated over the past century relative to gold



Source: Bloomberg, GFMS-Thomson Reuters, ICE Benchmark Administration, Metals Focus, World Gold Council

China and Asia ex Japan and China (AxJC) will likely contribute approx. 60% of global growth in 2017*

China and Asia ex Japan and China (AxJC) will likely contribute approx. 60% of global growth in 2017*



Source: IMF, Standard Chartered Research



Asian Markets

India

- Traditionally largest consumer of gold in the world. Gold embedded in the culture of India.
- This year, Indian consumer demand is expected to be between 900-1,000 Tons of gold, despite 400% rise in rupee gold price over the last decade
- Consumes ~85% of gold as jewellery, ~13% as investment bars & ~2% for various other purposes including industrial activity
- Indian jewellery mainly made in 22 ct gold. About 90% of Indian jewellery market is in the unorganised sector dominated by traditional mom and pop stores, lately there has been major move towards consolidation leading to rise in organised trade & branded chain stores
- Substantial gold demand in India generated during weddings - Every year 15 million marriages expected over next decade leading to robust gold consumption
- Fairly large quantity of Gold used for Industrial purposes - Electronics, Electroplating etc
- Also traditional Ayurvedic medicines find wide usage for gold as raw material - most popular being swarna bhasma (gold ashes)
- Indians also invest a small portion in Gold ETFs and Gold Funds
- Gold demand projected to increase at about 10% p.a.

China

- Gold, part of history since Han Dynasty (206 BC-220 AD), but demand for metal firmly took hold during the Six Dynasties (222-589 AD) with arrival of Buddhism
- World's fastest-growing market for gold jewellery, driven by an affluent society – views purchase of gold jewellery as foresight and good fortune
- Gold Council research shows that 82% of Chinese view gold jewellery as investment and fashion statement and tend to buy high purity 24 carat gold jewellery instead of 22 carat
- Young Chinese - dominant force in gold and gold jewellery market - drivers of gold jewellery demand in Chinese market





Asian Markets contd...

South East Asia

- Indonesia, Thailand, Philippines, Malaysia, Singapore, Pakistan, Bangladesh and Srilanka - major gold consuming countries in South East Asia.
- Culture of these countries similar to Chinese and Indian cultures – gold embedded in their culture
- Majority of people in these countries consider gold - object of beauty, social prestige and good fortune
- Gold Jewellery of 22 Carat and 24 Carat - major part of gold demand
- Indian and Chinese ethnic population- major buyers of gold jewellery in these countries along with local population
- Emerging and growing economies of these countries driving the demand for gold - expected to grow at 6 %- 9% p.a.



Middle East

- Saudi Arabia, Bahrain, Egypt, Iran, Kuwait, Lebanon, Oman, Qatar, United Arab Emirates and Turkey - major gold consuming countries in the Middle East.
- Arab Women- traditional users of gold jewellery and prefer ethnic and chunky designs
- 21 Carat jewellery- major part of gold consumption
- Gold considered safe hedge and preferred investment
- Retail gold jewellery business dominated by individual mom and pop stores but in recent years organized retail growing in form of multiple chain stores of gold jewellery slowly making inroads in unorganized market
- Gold consumption expected to grow at 8% p.a.





Operations Overview



Across value chain of Gold

Wholesale of Gold Products

- Wholesale presence in India and Middle East - supplies gold jewellery directly to showrooms
- Supplies jewellery to more than 5,000 showrooms in India and Middle East. (Sold 49 tons in FY17)

Retail of Gold Products

- Retail presence under own brand name "SHUBH Jewellers"
- 81 showrooms in India (Sold 9 tons in FY17)

Bullion Manufacturing and Supply

- Produces VALCAMBI brand gold bullion which it supplies to leading bullion banks and Central banks of the world and also manufactures bullion bars for some of the leading bullion brands in the world (Supplied 702 tons in FY17)

Exports of Gold Products

- Exports products to almost all gold markets of the world (Exported 140 tons in FY17)
- Known worldwide for designs, quality and purity of products. Exports to large scale white label wholesalers

Mining

- Minor presence in mining (1 Ton p.a.)
- Has contracts with world's leading mining companies for supply of gold dore bars (Raw Gold)

Gold Products Manufacturing

- Largest manufacturer of gold jewellery and gold products in the world
- Has several manufacturing facilities, the main one being at Whitefield, Bangalore. REL produces a wide range of Gold products (Produced 198 tons in FY17)

Refining

- Largest gold refiner in the world with total Precious metal refining capacity of 2,400 tons pa
- In FY17 REL refined 900 tons of gold





Valcambi Acquisition...



- Acquired Valcambi in 2015 for US\$ 400 million
- World's largest gold refinery & largest gold processor
- Headquartered in Balerna, Switzerland – 53 year old
- Over 200 employees
- Total refining capacity – 2,000 tons of precious metals
- Debt free, consistent profitable growth & dividend paying since inception
- Contracts with leading mining companies in the world for gold dore bars (raw gold)
- Refines gold dore bars – produces 9999, 999 or 995 fineness gold bars of various denominations – 1 gm to 12.5 kilo
- Good delivery bars accepted by all gold exchanges, central & bullion banks

...Enabled REL to emerge as **World's Largest Gold Company** across entire gold value chain



Retail Brand

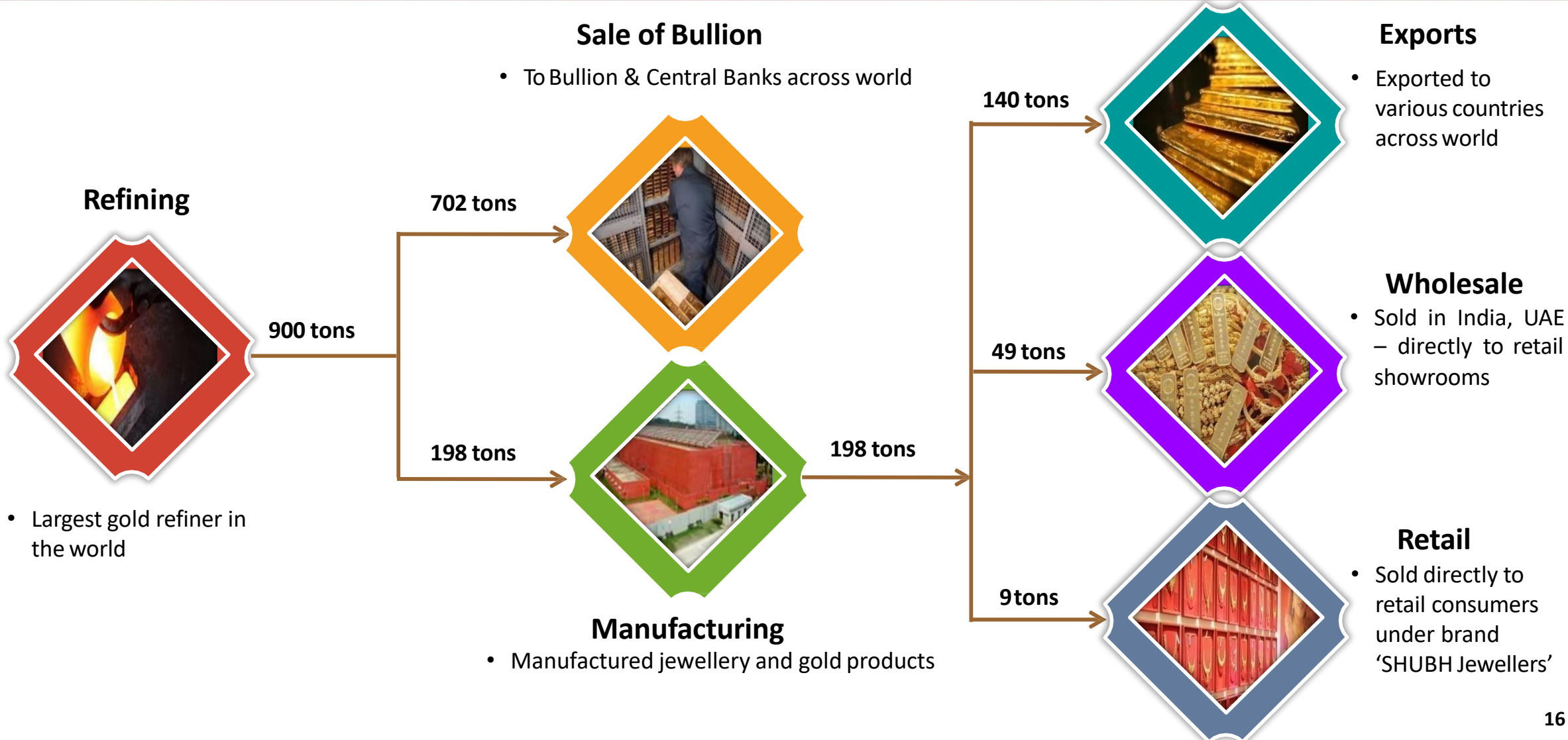


- SHUBH Jewellers -Well known & respected brand in Karnataka
- Unique associate policy/franchise model – forge relationships with existing jeweller for readymade space and established customer base

... In less than two years grown to 81 stores across Karnataka, India

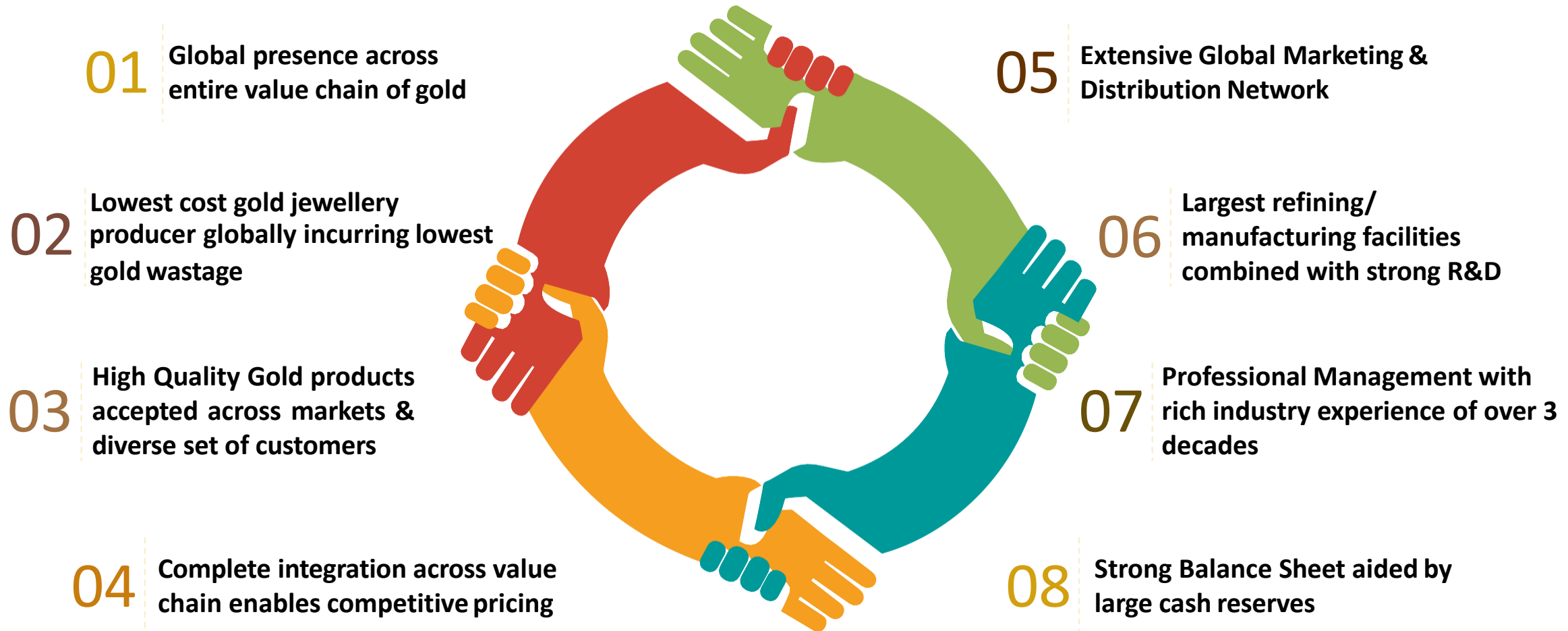


Current Business Mix





Key Strengths





Facilities



- Refineries - Balerna, Switzerland and at Uttarakhand in India
- Total Capacity – 2400 tons
- Valcambi, the world's largest gold refinery and the largest gold bar manufacturer headquartered in Balerna, Switzerland
- Valcambi acquisition enables REL to harness capacity and emerge as integrated gold company
- Refining throughput - 5.4 tons per day, Product throughput - 3.8 tons bars and coins (Au) per day 1.8 tons bars (Ag) per day

- Facility – Bangalore (India), Cochin (India) and Dubai(UAE)
- Total Capacity – 350 tons
- Capability to produce wide range of hand made, semi machine & complete automated gold jewellery & gold products
- Advanced technology like prototype printing, laser soldering etc used to ensure world class finish & low wastage

Total Refining capacity – 2,400 tons; Manufacturing – 350 tons



Strong R & D



- R&D units located at Bangalore (India) and Balerna (Switzerland)
- Engaged in developing new designs, new processes and technology for refining and gold jewellery manufacturing
- Instrumental in creating efficiencies and improving production in manufacturing and gold jewellery design
- Among many other first's, Created the first minted gold bar in the world

Continual focus on process innovation, new technology and product development



Financial Highlights



9M FY18 Highlights (Y-o-Y)



Volume
630 MT

(6.5)%



EBTIDA
Rs. 13,882 mn

7.0%



EBITDA Margin
1.0%

+27bps



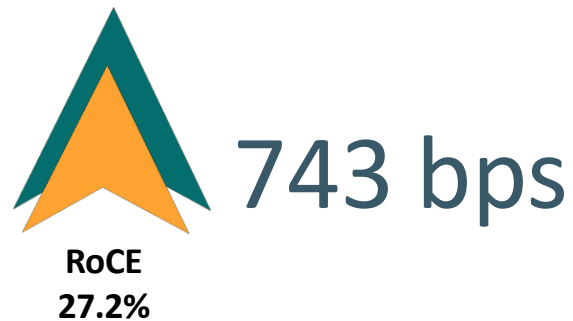
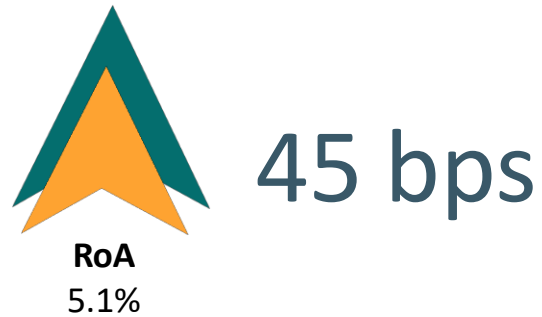
Net Profit Margin
0.6%

+14bps

Over 46% CAGR Revenue growth & over 26% increase in PAT since inception



FY17 Balance Sheet Highlights

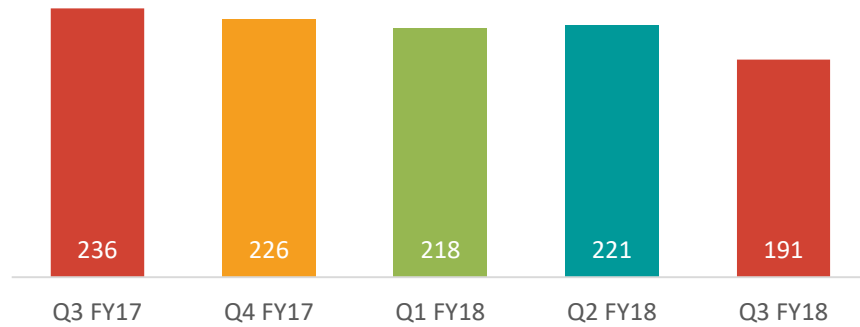


High Returns combined with strong cash flows

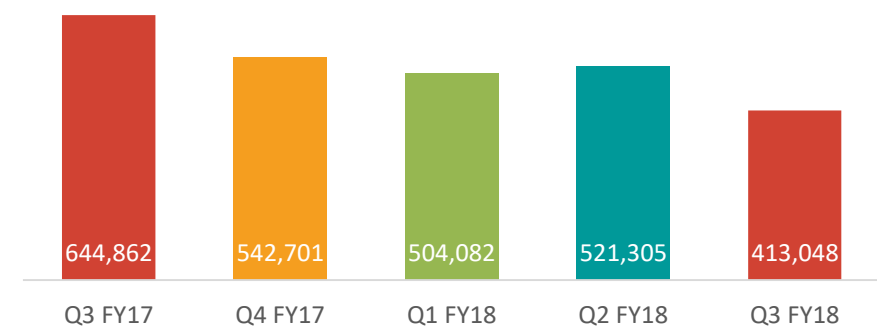


Performance Trend (Quarterly)

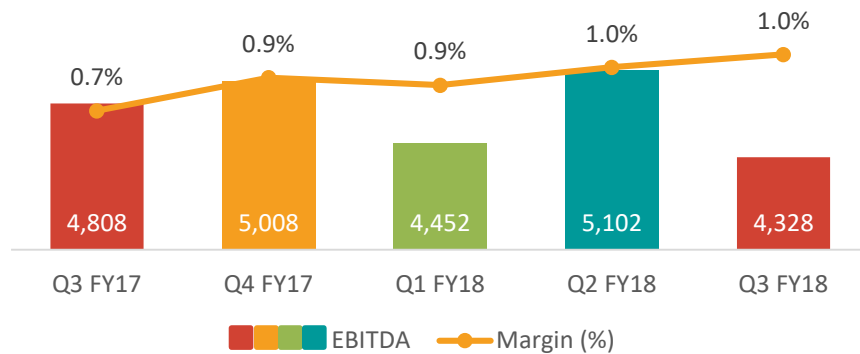
Volume (MT)



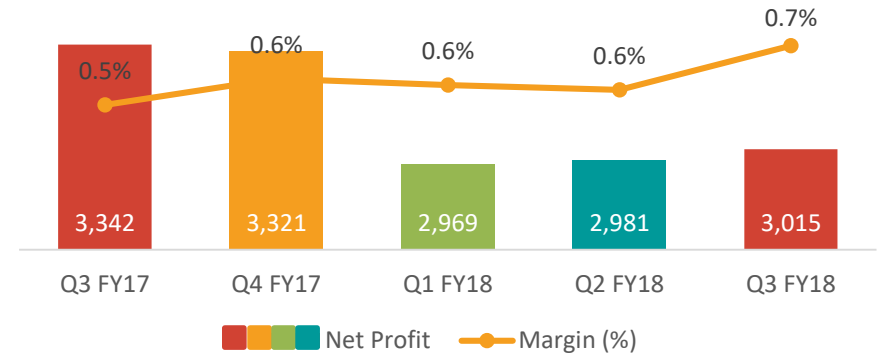
Revenue (Rs. mn)



EBITDA (Rs. mn)



Net Profit (Rs. mn)

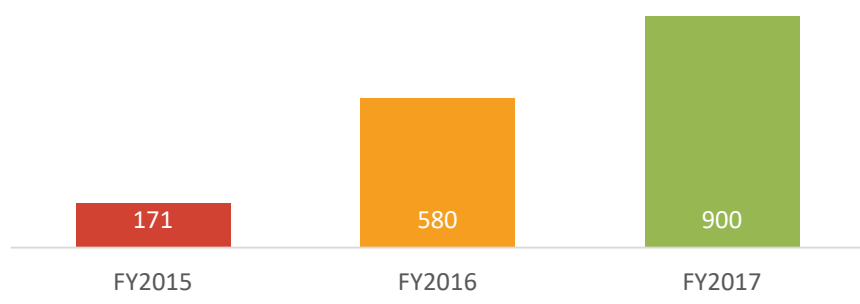


■ Q3 ■ Q4 ■ Q1 ■ Q2

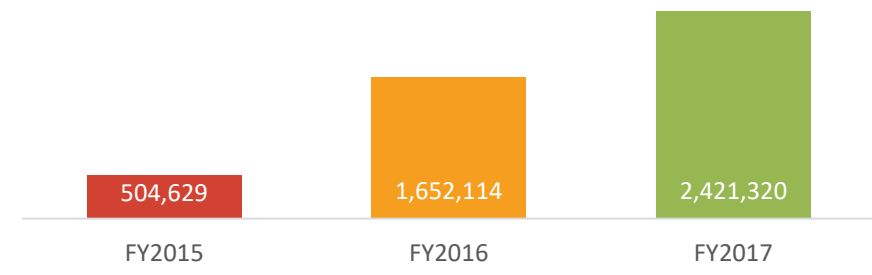


Performance Trend (Annual)

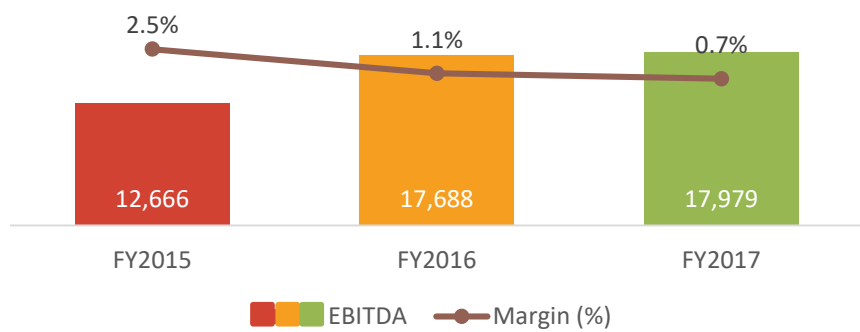
Volume (MT)



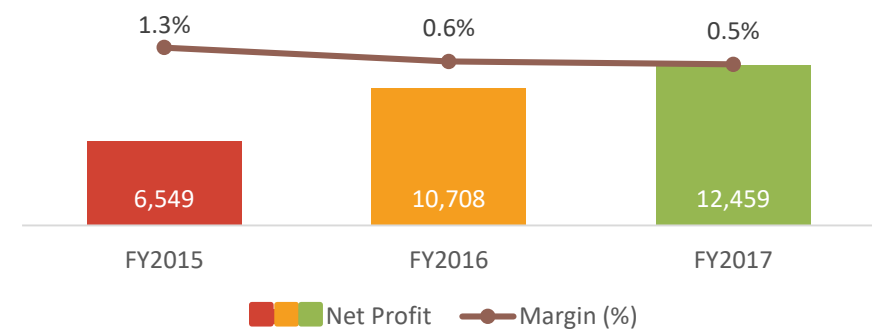
Revenue (Rs. mn)



EBITDA (Rs. mn)



Net Profit (Rs. mn)



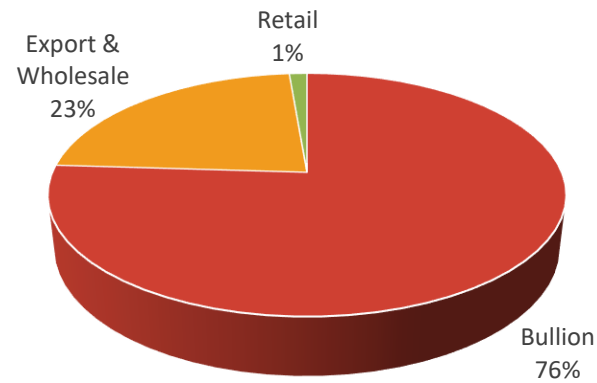
FY2015 FY2016 FY2017



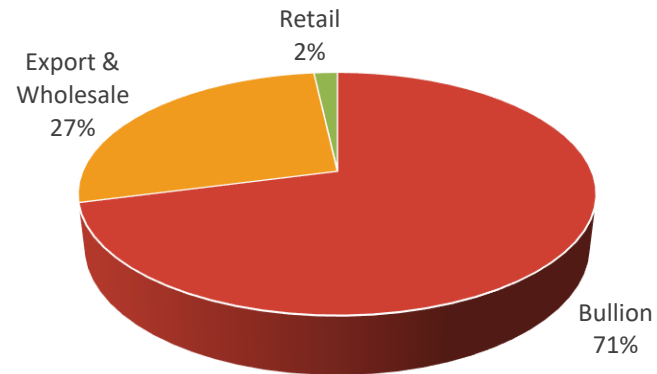
Segment Overview

Volume – by Segment

Q3 FY2018:
191 Tons

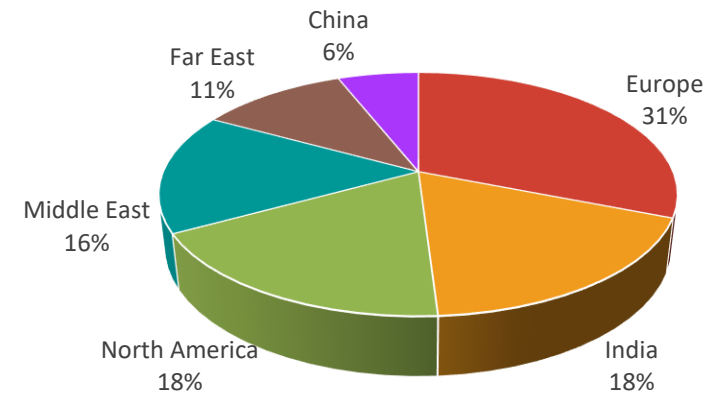


Revenue – by Segment



Q3 FY2018:
Rs. 413,048 mn

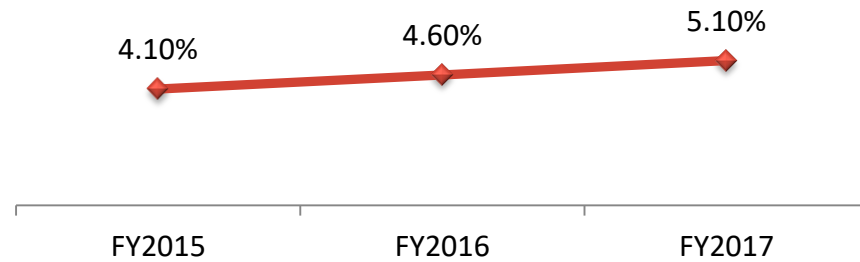
Revenue – by Geography



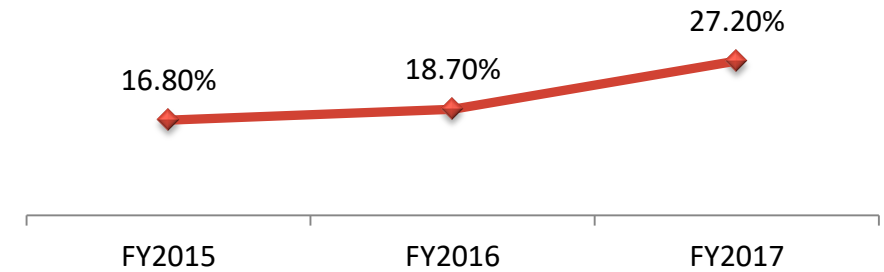


Key Ratios

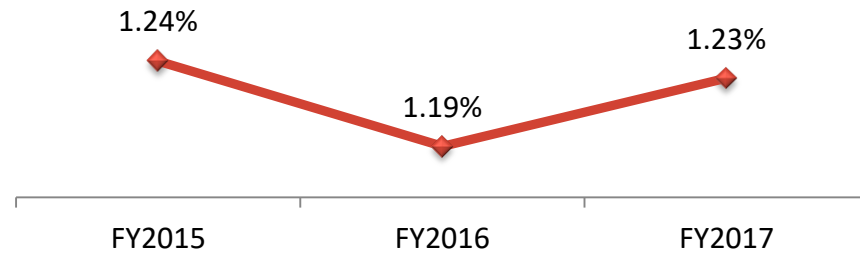
Return on Asset (%)



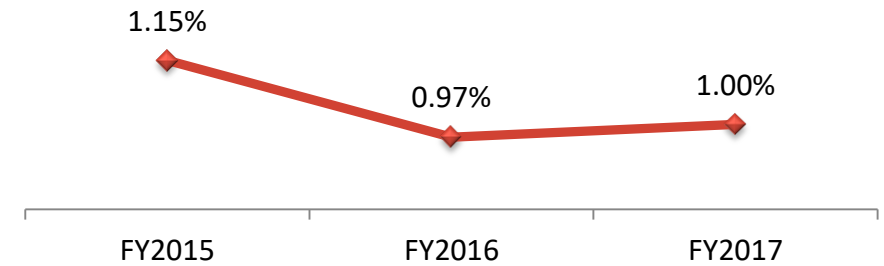
RoCE (%)



Current Ratio (%)



Total Debt to Equity (x)



Debt free on Standalone basis with strong cash reserves



P&L Summary

Particulars (Rs. Mn)	Q3		y-o-y	Nine Months		y-o-y
	FY2018	FY2017	Growth (%)	FY2018	FY2017	Growth (%)
Revenue	413,048	644,862	(35.9)%	1,438,436	1,878,619	(23.4)%
Other income	41	15	171.1%	305	20	nm
Total Income	413,089	644,877	(35.9)%	1,438,740	1,878,639	(23.4)%
Raw Materials Consumed	(407,693)	(639,274)	(36.2)%	(1,421,759)	(1,863,125)	(23.7)%
Employee benefits expense	(343)	(372)	(7.6)%	(1,107)	(1,204)	(8.1)%
Other expenses	(725)	(424)	71.1%	(1,992)	(1,340)	48.7%
EBITDA (Incl. Other Income)	4,328	4,808	(10.0)%	13,882	12,971	7.0%
<i>Margin (%)</i>	<i>1.0%</i>	<i>0.7%</i>		<i>1.0%</i>	<i>0.7%</i>	
Depreciation and amortisation	(169)	(170)	(0.6)%	(505)	(471)	7.2%
Finance Cost	(867)	(1,190)	(27.2)%	(3,839)	(3,100)	23.8%
Tax Expenses	(277)	(105)	162.9%	(574)	(262)	119.2%
Net Profit	3,015	3,342	(9.8)%	8,965	9,138	(1.9)%
<i>Margin (%)</i>	<i>0.7%</i>	<i>0.5%</i>		<i>0.6%</i>	<i>0.5%</i>	



Balance Sheet Summary

Rs. mn	Mar-17	Mar-16
Shareholder's Funds	58,864	46,655
Share capital	295	295
Reserves & Surplus	58,569	46,360
Non-current liabilities	4,755	5,103
Long Term borrowings	3,498	4,975
Deferred tax liabilities	1,041	-
Other long term liabilities	66	123
Long term provisions	149	4
Current liabilities	177,699	175,665
Short Term Borrowings	55,522	43,223
Trade Payables	121,519	107,909
Other Current liabilities	195	22,683
Short-term provisions	463	1,850
Total Equities & Liabilities	241,318	227,423

Rs. mn	Mar-17	Mar-16
Non-current assets	22,483	22,502
Fixed assets	6,712	7,009
Intangible Assets	29	2
Goodwill on consolidation	6,127	6,477
Non-current Investments	9,191	8,405
Long-term loans & advances	415	600
Current assets	218,834	204,921
Inventories	11,628	9,926
Trade receivables	50,199	68,890
Cash & Cash equivalents	148,402	118,653
Short-term loans & Advances	3,699	3,116
Other Current Assets	4,907	4,336
Total Assets	241,318	227,423

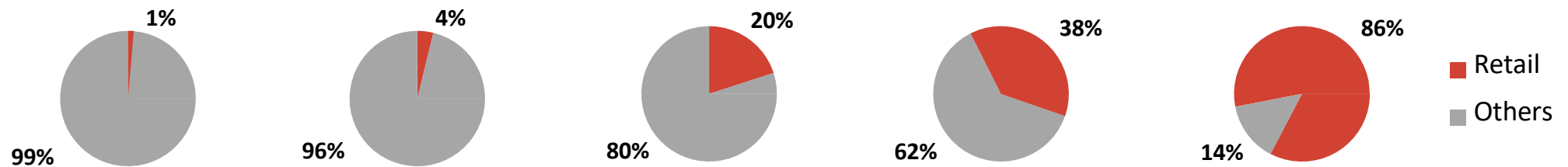


Way Ahead

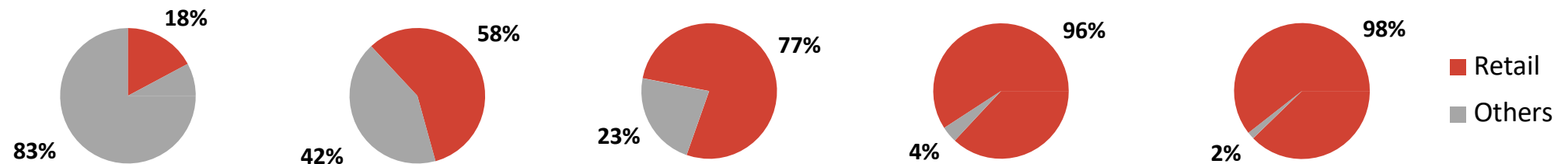


Way Ahead...

Revenue Contribution



EBITDA Contribution



...To refine 1,400 tons of gold and sell 1,200 tons directly to consumers



Multi Pronged Strategy...

Existing



Expansion by Leveraging

Valcambi



Shubh Jewellers (Retail)



New Opportunities

E-Commerce



Duty Free Shops



... Leveraging on existing & new opportunities for profitable growth



Expansion by leveraging...



Valcambi



- Large volumes leading to operating efficiencies & economies of scale
- Credibility & vast marketing network to enable distribution of value added & basic jewellery components to European manufacturers, retail & jewellery markets
- These components manufactured at low cost manufacturing facilities in India
- Distribution of Valcambi products to China & India – two of world's largest markets for value added small gold bars – Valcambi, Suisse well known brand across world
- Utilize REL's export network of wholesalers for gold scrap aggregation – raw material for refining



Shubh Jewellers (Retail)



- Well known & respected brand in Karnataka
- Unique associate policy/franchise model – forge relationship with existing jeweller for readymade space and established customer base
- Currently 81 retail showrooms in Karnataka
- In 1st phase of three years, plans to expand to 500 retail showrooms in 5 South India states – highest consumption of gold in India
- 2nd phase of three years – to add 1,500 retail showrooms in North, East, West & Central India
- 3rd and 4th phase of three years each –add 500 showrooms in new geographies across Asia, US & Europe

... Enabling economies of scale, operating efficiencies leading to higher profit margins



New Opportunities...



E-Commerce



- Plans to set up E-commerce platform – offers 999 Fineness Valcambi brand gold bars of 1-100 gms to retail consumers
- Phase wise launch – first in India & Singapore and then expand operations to other Asian countries before complete global presence
- Working on two delivery models – one direct delivery to consumer and other through branches of leading global banks via gold vending machines – in talks with some of leading global bank to create delivery points for gold bars
- In next 3 years, Ecomm platform to host gold & diamond jewellery in phased manner



Duty Free Shops



- Many Asian & European countries levy customs duty making gold bars and jewellery expensive compared to international price of gold
- Plans to set up gold bar vending machines at Airport duty free areas
- Vending machines to dispense 999 Fineness Valcambi brand gold bars of 1-100 gms
- Price competitiveness to drive volumes and sales
- In next 3 years, plans to set up gold and diamond jewellery showrooms at Duty Free Areas

... Creating more avenues for profitable growth



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