



# *Rajesh* Exports Limited (REL)

**Quarterly Results Update**

*Q4FY12 and FY12*



# About us

- REL is today the **world's largest and the ONLY** integrated gold jewellery company with operations from gold **refining** to gold jewellery **manufacturing** to gold jewellery **exports** to over 20 countries worldwide and gold jewellery **retail** through retail 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.



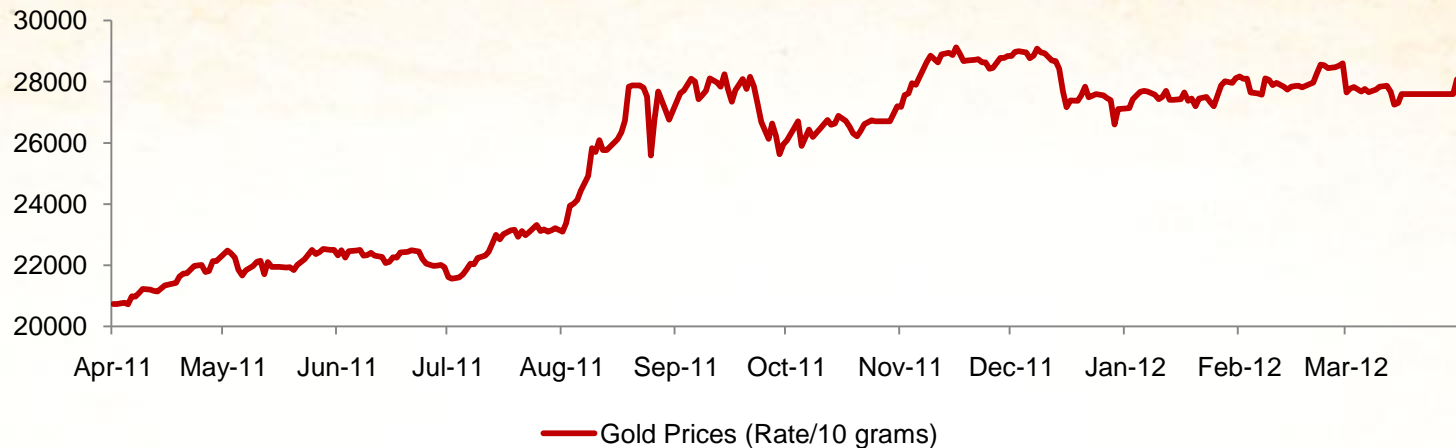
## *About us*

- **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 80 **retail stores** across India under “**SHUBH Jewellers**” brand.
- REL is largest retailer of gold jewellery in South India.



# Gold in 2011-12

## Gold Prices



- Gold prices witnessed a sharp rise of 35.41% in FY12
- 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 with 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 25% 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 : 2011-12

(Rs Cr)	FY12	FY11	Y-o-Y
Income from Operations	25724.1	20845.7	+23.4%
Cost of Goods sold	25263.2	20289.3	+24.5%
Stock Adjustment	(257.1)	36.2	
Admin & Selling Expense	40.9	106.0	(61.4%)
EBIDTA	677.1	414.2	+63.5%
EBIDTA Margin (%)	2.63	1.99	
Other Income	1.6	18.7	
Depreciation	2.1	1.96	
Interest	244.7	162.3	+50.8%
Profit before Tax (PBT)	431.9	268.6	+60.8%
Tax	24.7	20.8	+18.75%
Profit after Tax (PAT)	407.2	244.9	+66.3%

# Income Statement : Quarterly

(Rs Cr)	Q4FY12	Q4FY11	Y-o-Y	Q3FY12	Q-o-Q
Income from Operations	8707.9	6346.8	+37.2%	6518.2	+33.6%
Cost of Goods sold	8607.4	5961.0	+44.4%	6273.6	+37.2
Stock Adjustment	(56.1)	190.6		(1.6)	
Admin & Selling Expense	(2.5)	84.6		16.5	
EBIDTA	159.1	110.6	+43.9%	229.7	(30.7%)
EBIDTA Margin (%)	1.82%	1.74%	+4.59%	3.52%	(48.3%)
Other Income	1.4	18.2	(92.30%)	(6.4)	
Depreciation	0.1	(0.5)		0.9	(88.9%)
Interest	45.5	57.8	(21.3%)	107.6	(57.7%)
Profit before Tax (PBT)	114.9	71.5	+60.7%	114.8	+0.11%
Tax	24.7	20.8	+18.75%		
Profit after Tax (PAT)	90.2	50.7	+77.9%	114.8	(21.4%)



# Balance Sheet

(Rs Cr)	FY12	FY11
<b>Sources of Funds</b>		
<b>Equity</b>	<b>1983.3</b>	<b>1596.8</b>
<b>Loan Funds</b>	-	-
<b>Total Sources of Funds</b>	<b>1983.3</b>	<b>1596.8</b>
<b>Utilization of Funds</b>		
<b>Net Fixed Assets</b>	<b>71.1</b>	<b>71.4</b>
<b>Deferred tax Assets</b>	<b>0.8</b>	<b>0.8</b>
<b>Current Assets</b>		
<b>Inventories</b>	<b>634.4</b>	<b>377.3</b>
<b>Sundry debtors</b>	<b>2521.3</b>	<b>1580.5</b>
<b>Cash &amp; Bank</b>	<b>7854.8</b>	<b>7815.0</b>
<b>Current Investment</b>	<b>3.4</b>	<b>3.4</b>
<b>Short term loans</b>	<b>862.2</b>	<b>695.1</b>
<b>Current Liabilities</b>		
<b>Sundry Creditors</b>	<b>6703.4</b>	<b>6413.8</b>
<b>Short term Loans</b>	<b>3253.7</b>	<b>2530.4</b>
<b>Other current liabilities</b>	<b>7.7</b>	<b>2.6</b>
<b>Net Current Assets</b>	<b>1911.4</b>	<b>1524.6</b>
<b>Total Utilization of funds</b>	<b>1983.3</b>	<b>1596.8</b>



# *Financial Highlights*

- FY12 witnessed significant improvement in EBIDTA margins which stood at 2.64% compared to 1.99% in FY11.
- Decline in EBIDTA Margin q-o-q was due to the re-grouping of the finance cost to cost of goods.
- Adjustment in Admin and selling expenditure in Q4FY12 was due to re-grouping of the S&A(finance cost) to cost of goods.
- Increase in PBT was 60.8% whereas the tax increase was 18.75%. This was due to the exemption of taxable profits in SEZ and the exemption of tax on the profits generated in excise and tax free zone.
- Depreciating rupee and higher gold prices has led to increase in working capital significantly.

# Operational Highlights

## Retail

	Q4FY12	Q4FY11	Y-o-Y	2011-12	2010-11	Y-o-Y
No. of Operational stores	80	50	60%	80	50	60%
Area (sqft)	65490	36400	79%	65490	36400	79%
Volume (kgs)	1973	732	169%	6204	2264	174%
Average realization per gram	2775	2571	7.93%	2685	2424	10.76%
Revenues (Rs cr)	547	188	191%	1665	548	203%
EBIDTA Margin (%)	5.97	5.92		6.13	5.78	

# *Outlook for 2012-13*

## **Refining**

Volumes at Uttaranchal Refinery to increase from 32.71 tonnes in FY12 to 55 tonnes by FY13

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## **Manufacturing**

Gold Jewellery manufacturing at Bangalore manufacturing plant to increase from 93 tonnes in FY12 to 105 tonnes by FY13

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## **Exports**

Exports to increase from Rs. 240 billions in FY12 to Rs. 260 billions by FY13

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## **Retail**

Geographical expansion of the retail stores to other states.

3000 new jewellery designs would be introduced in all retail showrooms for the oncoming wedding season

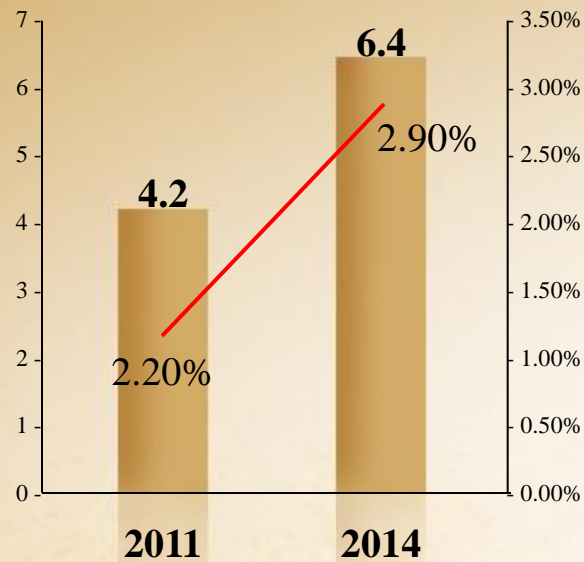
Retail revenues to increase from Rs. 16 billions in FY12 to Rs. 27 billions by FY13

9.40% revenue contribution and 30% EBIDTA contribution

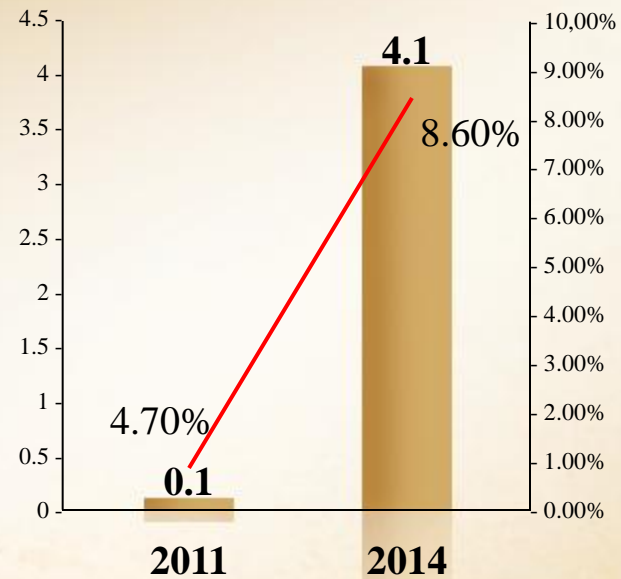
# Vision 2014



## Exports



## Retail



Revenues (USD bn) — EBIDTA Margin

Revenues (USD bn) — EBIDTA Margin

# *Thank You*



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