



Rajesh Exports Limited (REL)

Quarterly Results Update *September 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 73 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



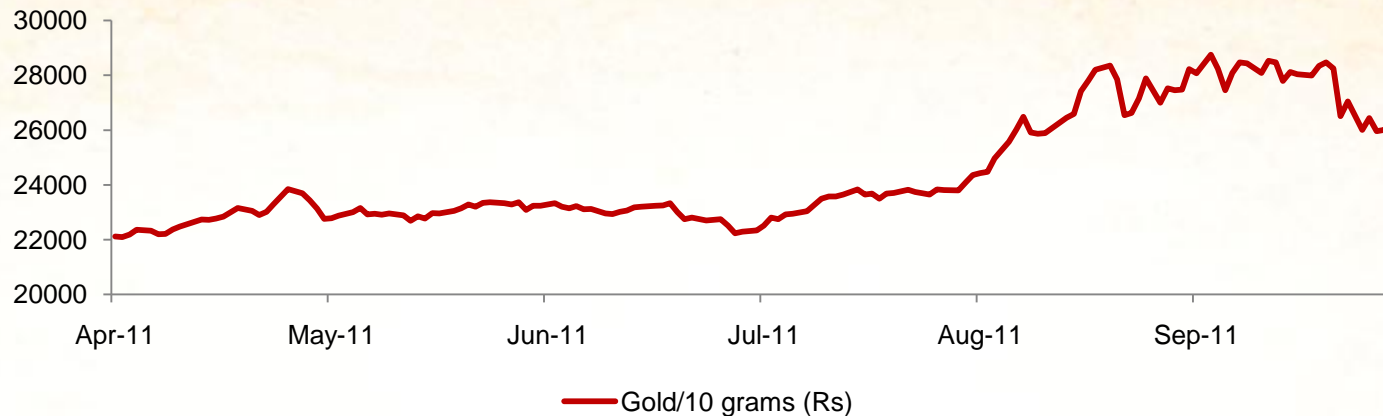
About us

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



Gold in Q2FY12

Gold in H1FY12



- Gold prices witnessed a sharp rise in H1FY12 of ~19.2% y-o-y
- Gold touched a life time high of USD 1913.5/ounce on August 23rd 2011, i.e. Rs 28750/ 10 grams
- Domestic demand, however saw steady growth
- The euphoria in the gold markets was mainly due to
 - Uncertain financial conditions in Global Economies
 - High domestic inflation
 - 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)	Q2FY12	Q2FY11	Y-o-Y	Q1FY12	Q-o-Q
Income from Operations	57671.19	50396.1	14.44%	47374.56	21.73%
Cost of Goods sold	55935.01	49132.89	13.84%	45892.79	21.88%
Admin & Selling Expense	164.31	77.09		105.25	
EBIDTA	1571.87	1186.12	32.52%	1376.52	14.19%
EBIDTA Margin (%)	2.7%	2.3%		2.9%	
Depreciation	5.39	13.36		5.16	
Interest	495.70	435.34		420.13	
Profit before Tax (PBT)	1070.78	737.42	45.21%	951.23	12.57%
Tax	-	-		-	
Profit after Tax (PAT)	1070.78	737.42	45.21%	951.23	12.57%



Financial Highlights

- Quarterly Profit After Tax (PAT) crossed Rs 100 crores for the first time in company's history
- Q2FY12 witnessed improvement in EBIDTA margins which stood at 2.71% compared to 2.35% in Q2FY11.
- Margin increase was due to the growing share of the retail business in the overall revenues which stood at 6.5% for Q2FY12
- Other driver of margin was the increased share of the branded exports business.
- Sharp increase in gold prices and depreciating rupee has led to increase in working capital significantly

Operational Highlights

	Q2FY12	Q2FY11	Y-o-Y	H1FY12	H1FY11	Y-o-Y
Volumes (Tonnes)						
Refinery	8.15	-		15.5	-	
Manufacturing	24.52	23.15	5.9%	45.62	42.97	6.2%
Exports	22.85	22.09	3.4%	42.09	42.01	0.2%
Retail	1.41	0.53	166%	2.41	0.94	156%
Average Realization per gram (Rs)						
Exports	2507	2224	12.7%	2477	2167	14.3%
Retail	2645	2353	12.4%	2611	2297	13.7%
EBIDTA Margin (%)						
Exports	2.24	2.22		2.38	2.27	
Retail	7.52	6.34		7.20	5.64	

Operational Highlights

Retail

	Q2FY12	Q2FY11	Y-o-Y	H1FY12	H1FY11
No. of Operational stores	48	36	33.3%	48	36
Area (sqft)	43,800	21024	108.3%	43,800	21024
Volume (kgs)	1417	536	164.4%	2410	946
Average realization per gram	2645	2353	12.4%	2611	2297
Revenues (Rs cr)	3748.5	1263.50	196.7%	6294.30	2173.2
EBIDTA Margin (%)	7.52	6.34		7.20	5.64

Outlook for H2FY12

Refining Volumes at Uttaranchal Refinery to increase from 15 tonnes in H1FY12 to 40 tonnes by FY12

Manufacturing Gold Jewellery manufacturing at Bangalore manufacturing plant to increase from 45 tonnes in H1FY12 to 105 tonnes by FY12

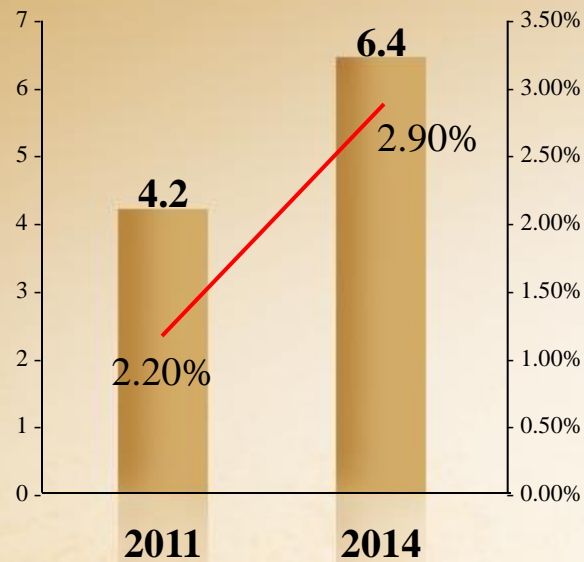
Exports Exports to increase from Rs. 104 billions in H1FY12 to Rs. 210 billions by FY12

Retail Full benefit on revenues and EBIDTA of the 25 new stores opened in Q2FY12
120 number of stores by FY12
7% revenue contribution and 15% EBIDTA contribution

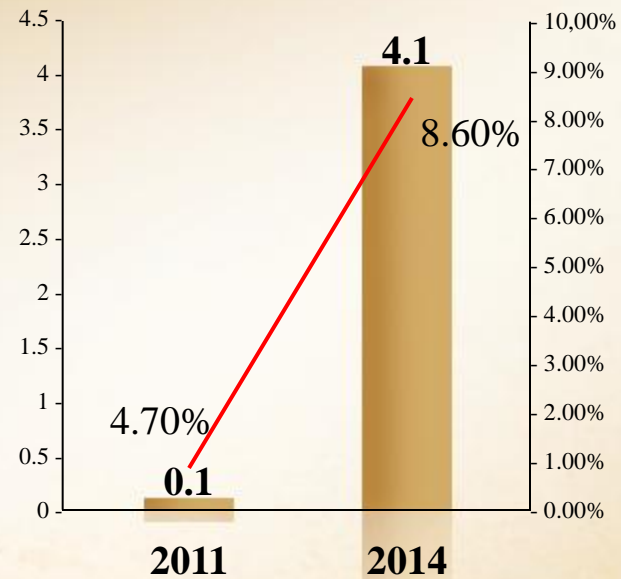
Vision 2014



Exports



Retail



Revenues (USD bn) — EBIDTA Margin

Revenues (USD bn) — EBIDTA Margin

Thank You



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