



RAJESH EXPORTS LIMITED

Mfrs & Exporters of Gold and Diamond Jewellery
4, BATAVIA CHAMBERS, KUMARAKRUPA ROAD
KUMARA PARK EAST, BENGALURU - 1 INDIA
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CIN No. : L36911KA1995PLC017077
Website : www.rajeshindia.com

February 08, 2017

The Manager Listing,
National Stock Exchange of India Ltd,
Mumbai.

The Manager Listing,
Bombay Stock Exchange of India Ltd
Mumbai.

Dear Sir,

Sub: Earnings Presentation for the quarter and nine months ended December 31, 2016.

Please find attached our company's Earnings Presentation for the quarter and nine months ended December 31, 2016.

Thanking you

For **Rajesh Exports Ltd**

Authorised Signatory
Chairman
Rajesh Mehta



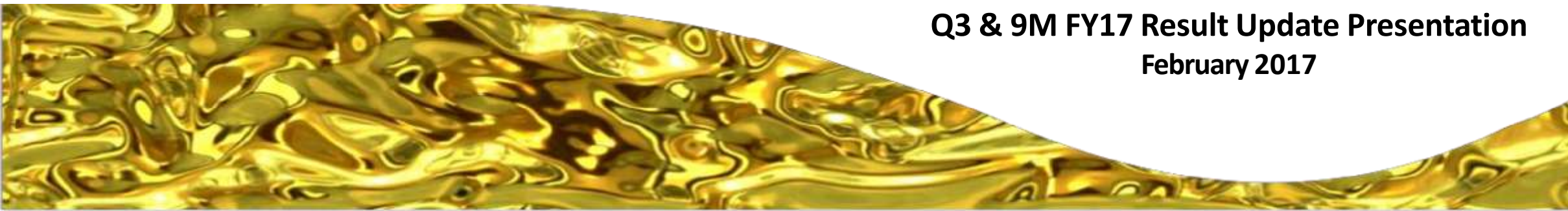


RAJESH EXPORTS LTD

GLOBAL PRESENCE IN GOLD AND GOLD PRODUCTS



Q3 & 9M FY17 Result Update Presentation
February 2017





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Chairman's Message



Consolidated Q3 & 9M FY17 Financial Highlights



Consolidated Annual Financial Highlights



Company Overview



Way Ahead



Chairman's Message



Chairman's Message

Commenting on the results, Mr. Rajesh Mehta (Chairman), said :

"I am happy to share that the financial performance of our Company has been in line with our internal targets and expectations.

Our focus is not only to grow across each of our businesses but also have a stronger focus on the higher margin business of retail. In line with this, we have been launching new products across different lines and at different price points in the retail segment, regularly, so that our customers have a wide range of products to select from that are suitable for their wallet. Our capacity utilization has also increased leading to higher volumes and the operating efficiencies have started to kick in.

We will continue with strategies to ensure rapid growth in profitability in various vertices of our business, especially in the retail business."





**Q3 & 9M FY17 Financial Highlights –
Consolidated**



Quarterly Financial Highlights Q3 FY17

29% ↑

Net Revenue
Rs 644.86 bln

27% ↑

EBITDA
Rs 4.79 bln

10% ↑

PAT
Rs 3.34 bln

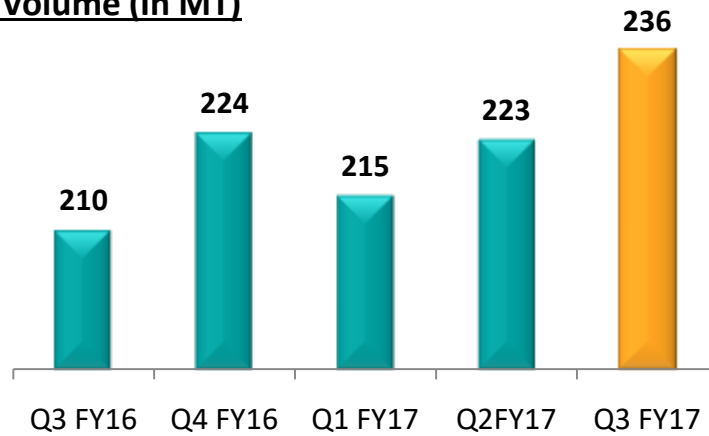
10% ↑

EPS
Rs 11.32 in Q3 FY17

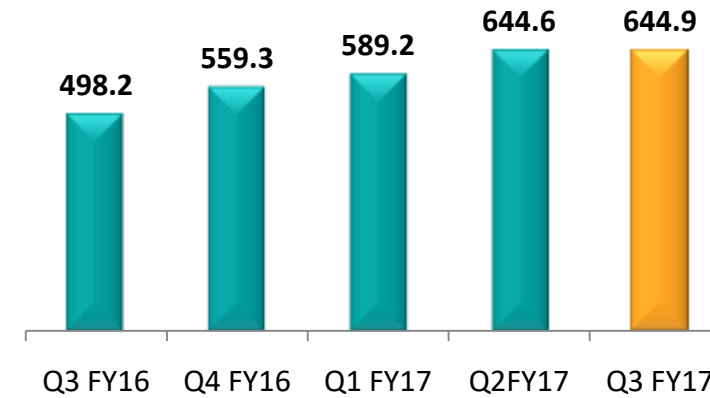


Quarterly Financial Highlights Q3 FY17

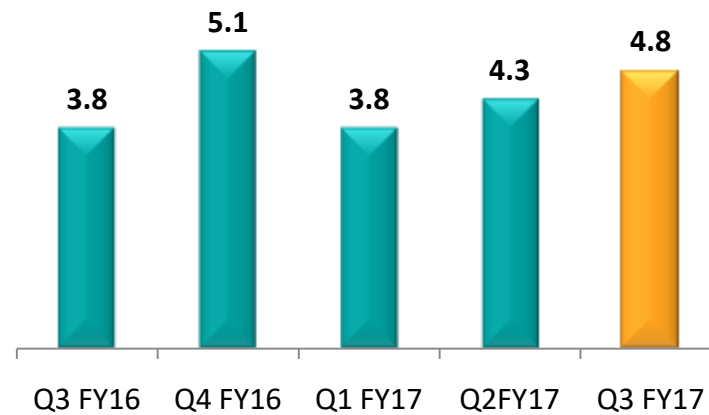
Sales Volume (In MT)



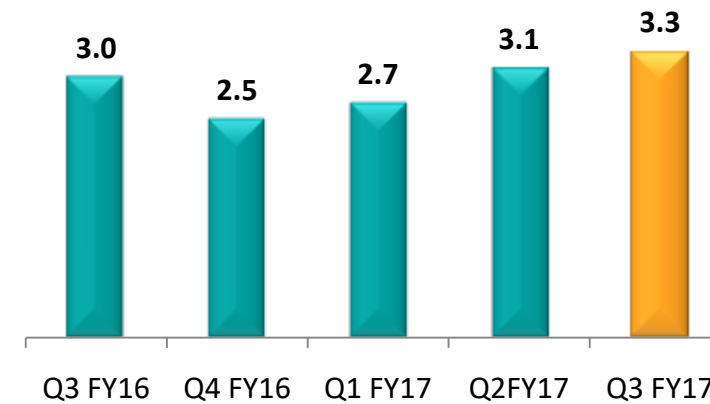
Revenue from Operations (Rs. Bln)



EBITDA (Rs. Bln)



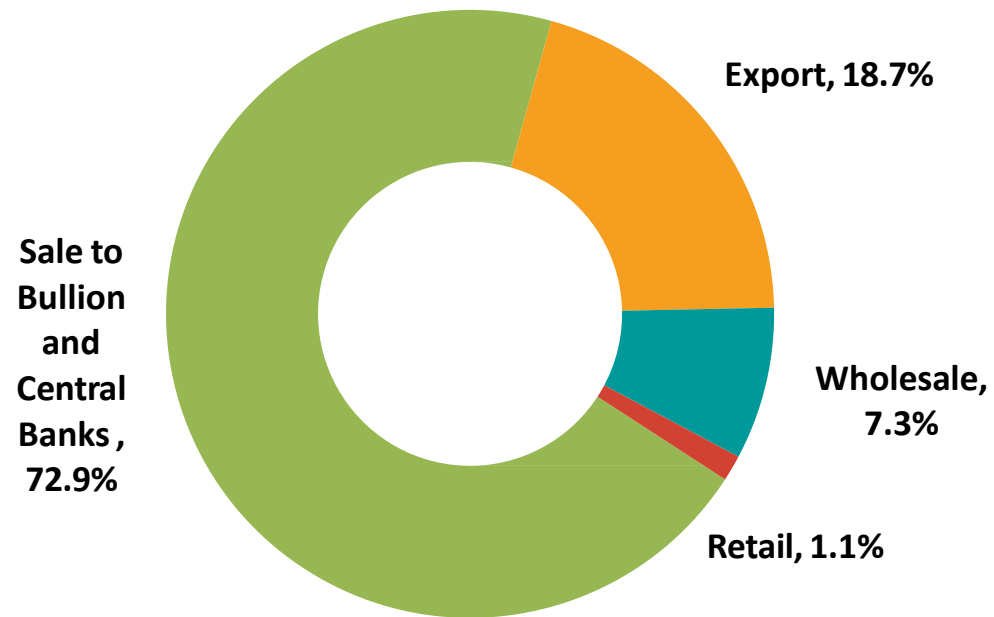
PAT (Rs. Bln)



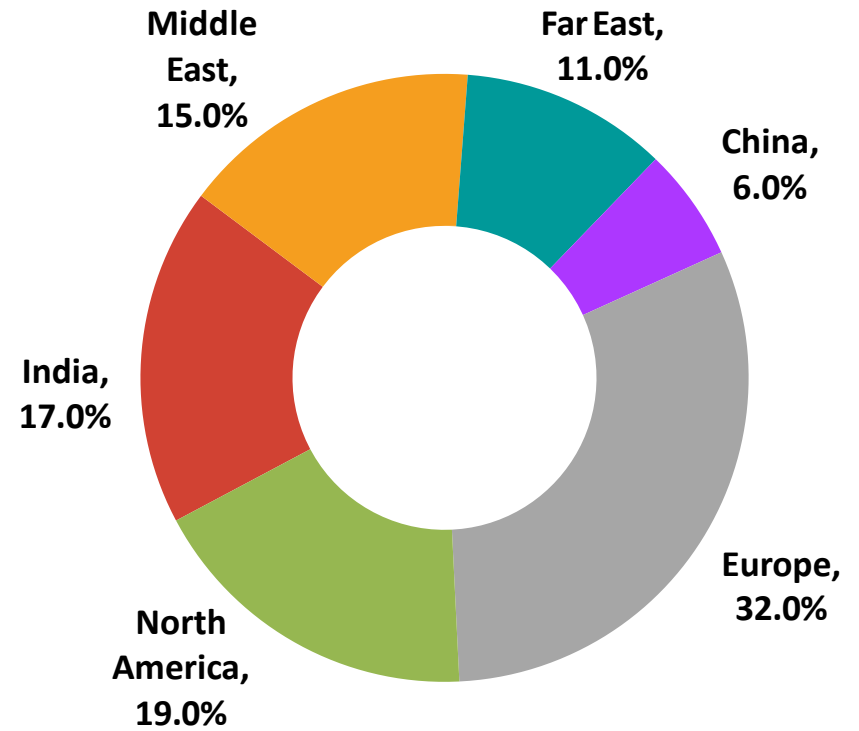


Q3 FY17 Revenue Break up

Segment break-up



Geographical break-up





Quarterly Profitability Highlights

Rs. Bln	Q3 FY17	Q3 FY16	YoY%	Q2 FY17	QoQ%
Total Income from Operations	644.9	498.2	29.4%	644.6	0.0%
Raw Materials	639.3	493.4		639.4	
Employee Cost	0.4	0.4		0.4	
Other Cost	0.4	0.6		0.4	
Total Expenditure	640.1	494.4		640.2	
EBITDA	4.8	3.8	26.3%	4.3	10.3%
Interest	1.2	0.6		1.0	
Depreciation	0.2	0.2		0.1	
Other Income	0.0	0.0		0.0	
Exceptional Item	0.0	0.0		0.0	
Profit Before Tax	3.4	3.0	13.3%	3.2	7.0%
Tax	0.1	0.0		0.1	
Profit After Tax	3.3	3.0	10.0%	3.1	7.9%
EPS (In Rs.)	11.32	10.25		10.49	

- **Revenue from operations at Rs 644.9 Bln.** Increase in revenues was driven by all the four businesses of refining, wholesale, retail and exports

- **Exports 18.7%** of revenue

- **EBITDA at Rs 4.8 Bln.** YoY increase of 26.6%, mainly on account of increase in capacity utilization & improved operating efficiencies

- **PAT of Rs 3.3 Bln** as compared to Rs 3.0 Bln



Recent Updates/Developments

#

- **New Jewellery range launched across 81 'Shubh' outlets in Karnataka - one of key gold consumption markets in India**
 - Jewellery launched at onset of the Wedding Season in India
 - More than 50 new designs launched, 7000 products available in retail
 - Products competitively priced in range of Rs. 10,000 – Rs. 1,50,000 per piece, giving customer - wide product range and flexible price range
 - Company has total of around 1 lakh products in portfolio across various segments - of this around 7,000 products are offered in retail, adding new products depending on the festive or marriage season and other such events
- **Secured export order for Rs. 29 billion for Gold and Diamond Studded Jewellery and Medallions in Q3FY17 - order to be executed at Company's manufacturing facility in Bangalore**
 - Total order book stands at Rs 379.6 billion as on December 31, 2016
- **In Q3FY17, opened its 81st Retail Showroom under its Brand SHUBH JEWELLERS in Bangalore**
 - Completed first phase of expansion in retail with 80 stores
 - Launched second phase of expansion with 81st showroom – plan to launch series of retail showrooms in four states of South India, to be completed in FY18



Financial Highlights- 9M FY17

72% ↑

Net Revenue
Rs 1,878.6 bln

4% ↑

EBITDA
Rs 13.0 bln

12% ↑

PAT
Rs 9.1 bln

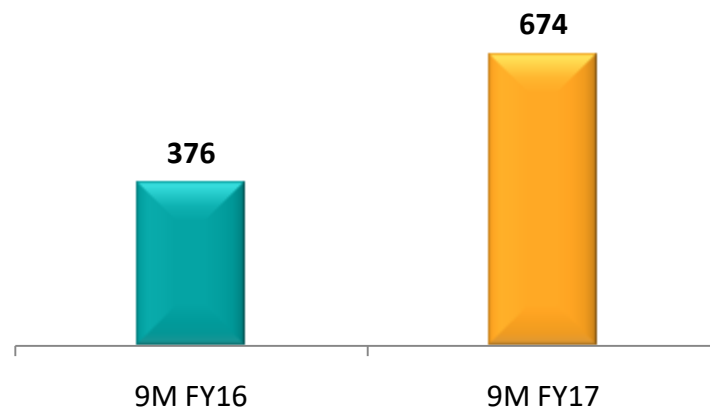
11% ↑

EPS
Rs 30.95 in 9M FY17

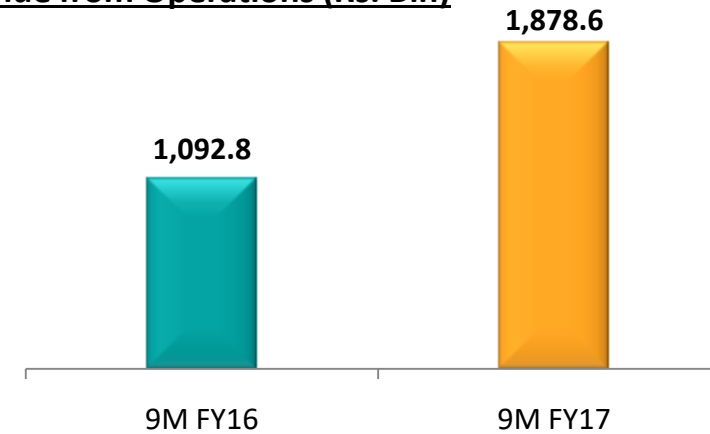


Financial Highlights- 9M FY17

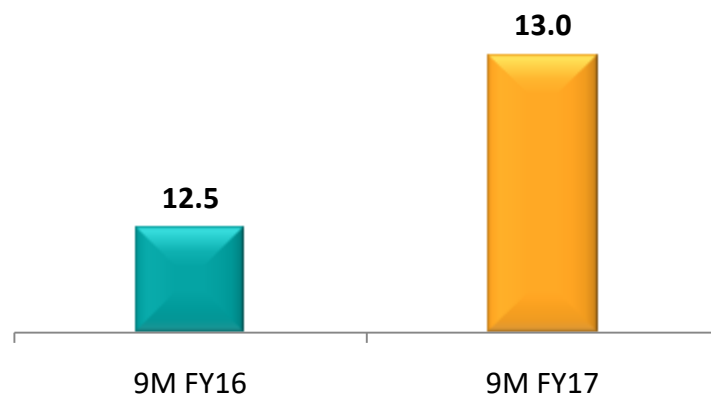
Sales Volume (In MT)



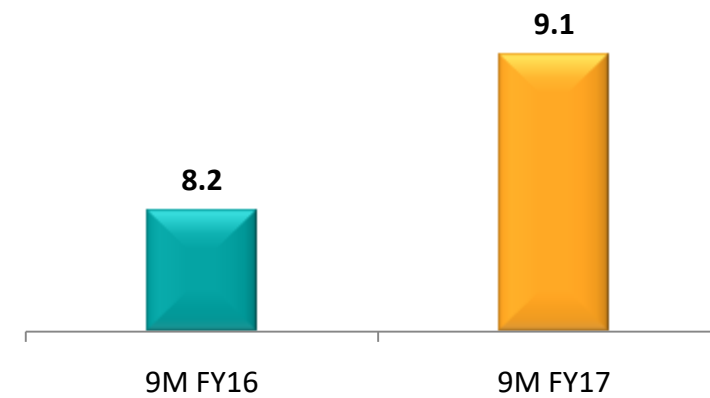
Revenue from Operations (Rs. Bln)



EBITDA (Rs. Bln)



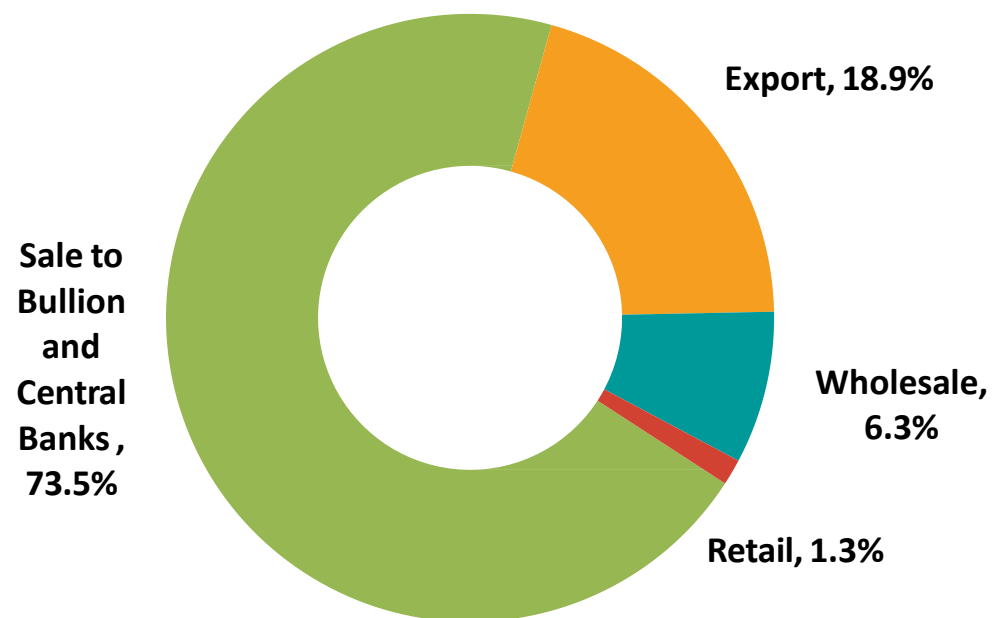
PAT (Rs. Bln)



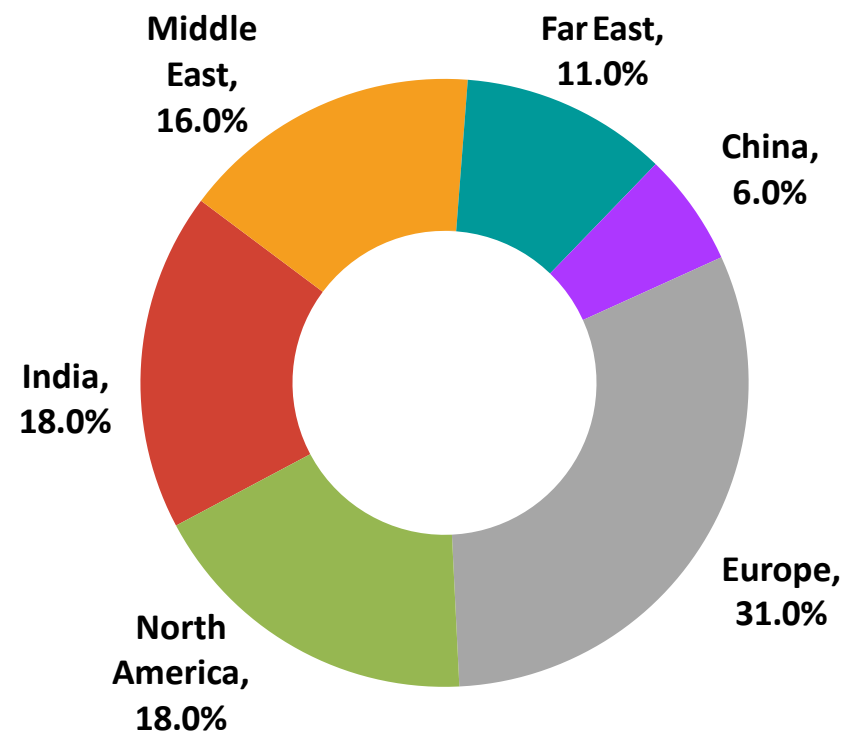


9M FY17 Revenue Break up

Segment break-up



Geographical break-up





9M Profitability Highlights

#

Rs. Bln	9M FY17	9M FY16	YoY%
Total Income from Operations	1,878.6	1,092.8	71.9%
Raw Materials	1,863.1	1,078.0	
Employee Cost	1.2	0.7	
Other Cost	1.3	1.6	
Total Expenditure	1,865.6	1,080.3	
EBITDA	13.0	12.5	4.0%
Interest	3.1	3.6	
Depreciation	0.5	0.6	
Other Income	0.0	0.0	
Exceptional Item	0.0	0.0	
Profit Before Tax	9.4	8.3	14.0%
Tax	0.3	0.1	
Profit After Tax	9.1	8.2	11.5%
EPS (In Rs.)	30.95	27.76	

- Revenue from operations at Rs 1,878.6 Bln, YoY increase of 72%

- 9MFY17 includes full year effect of Valcambi acquisition vs 9MFY16, as acquisition was consolidated from August 2016

- This increase in revenues was driven by all the four businesses of refining, wholesale, retail and exports

- EBITDA at Rs 13.0 Bln, YoY increase of 4%

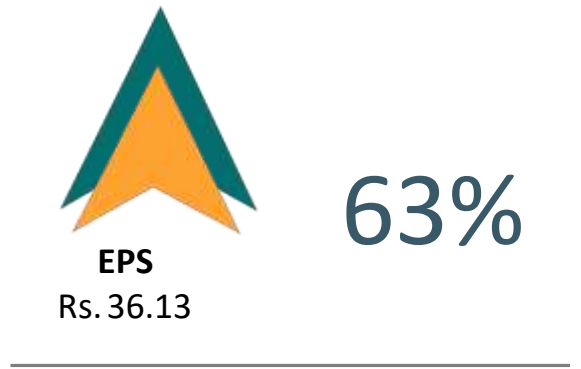
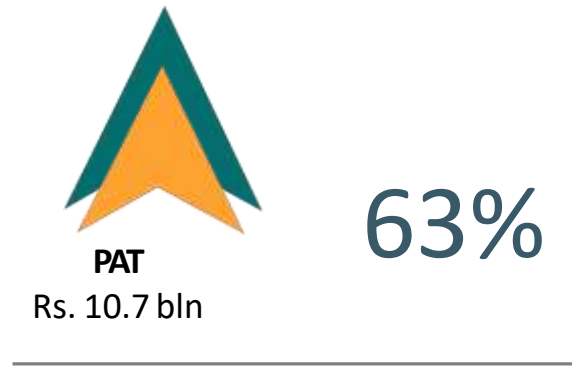
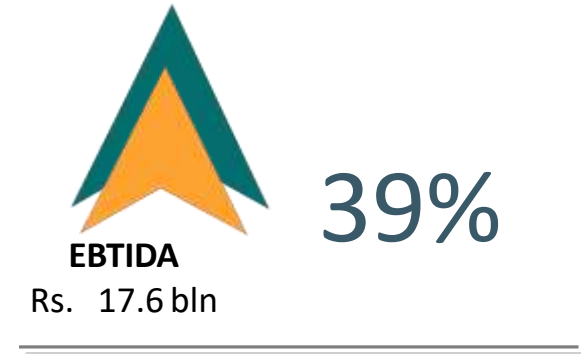
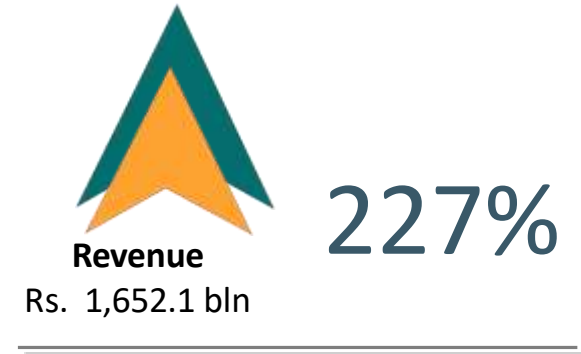
- PAT of Rs 9.1 Bln as compared to of Rs 8.2 Bln, YoY increase of 11%



Annual Financial Highlights



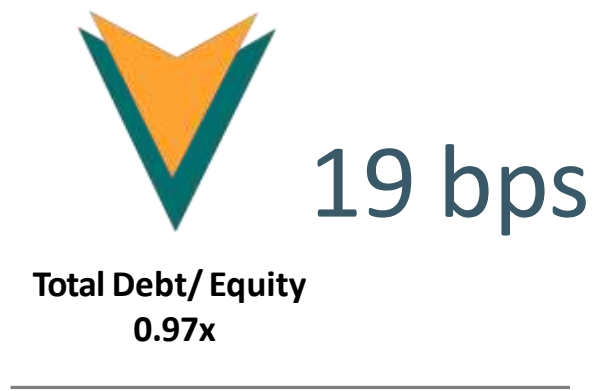
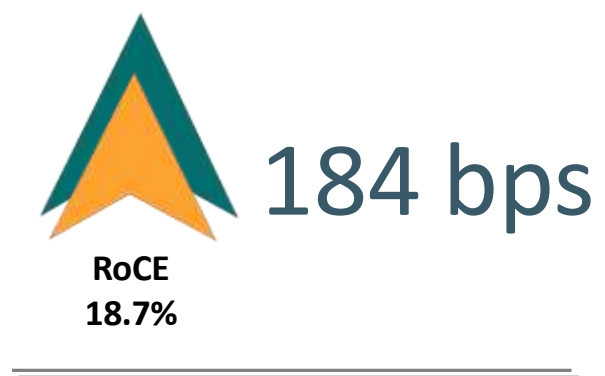
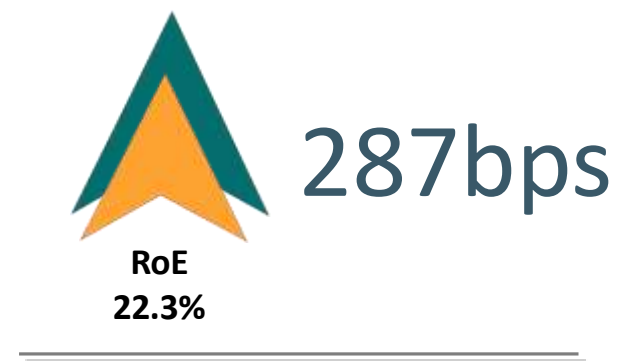
FY16 P&L Highlights



Over 41% CAGR Revenue growth & over 32% increase in PAT since inception



FY16 Balance Sheet Highlights

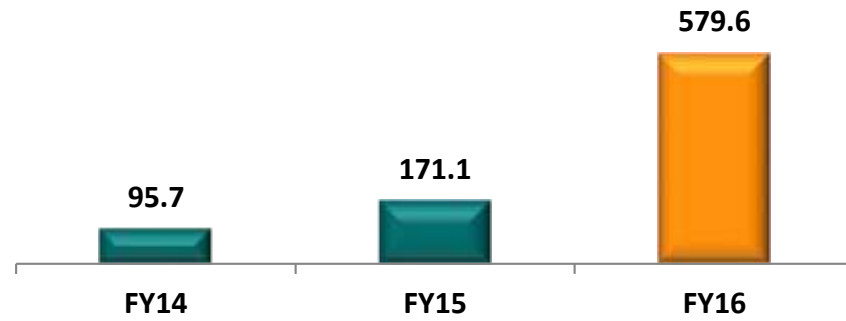


High Returns combined with strong cash flows

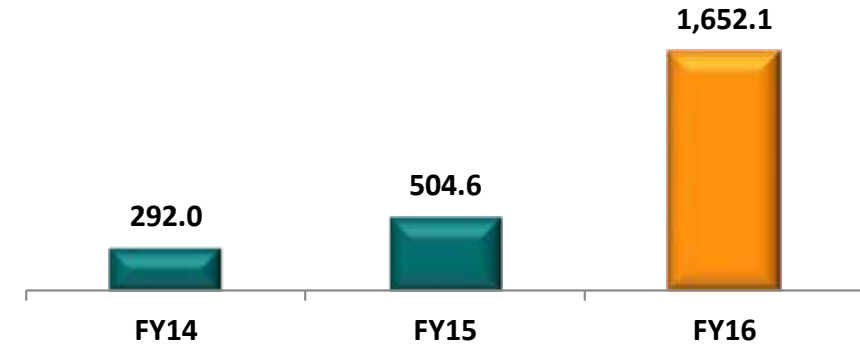


FY16 Financial Highlights

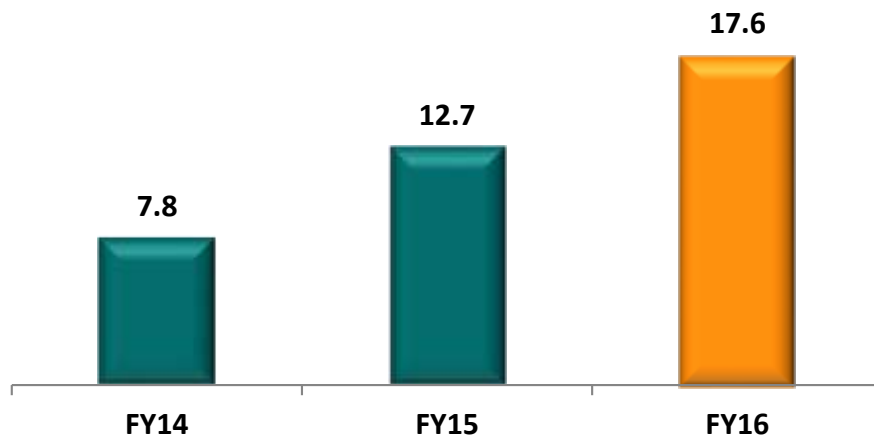
Volume (Tons)



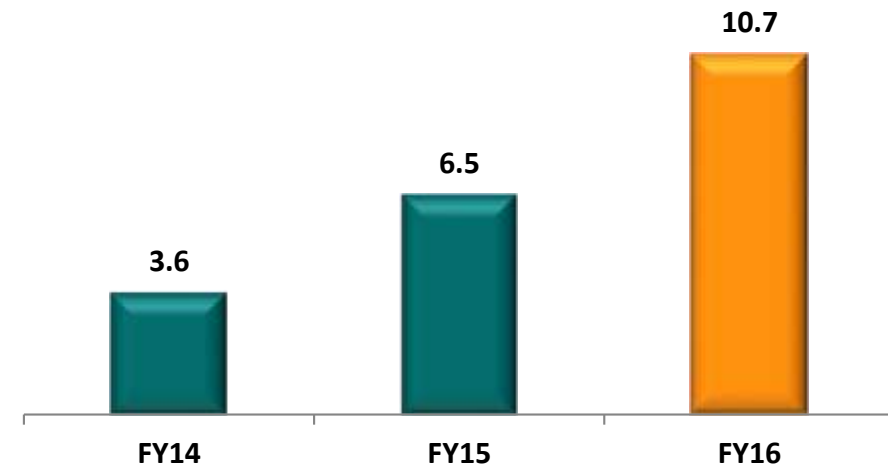
Revenue (Rs. Bln)



EBITDA (Rs. Bln)



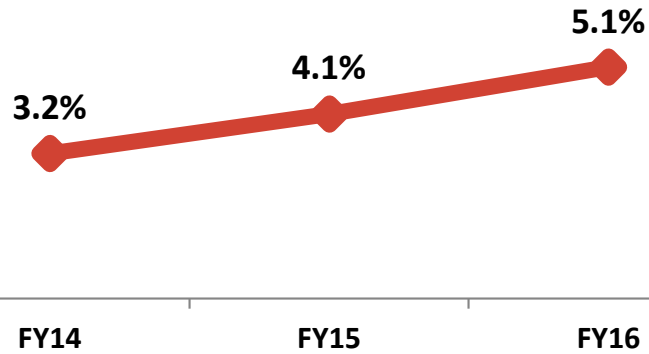
PAT (Rs. Bln)



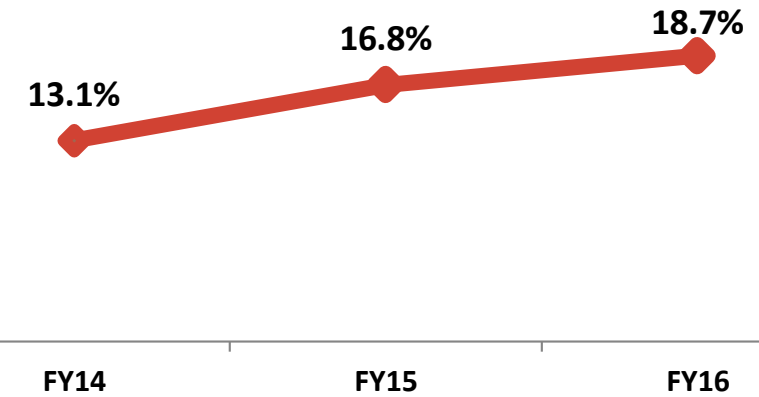


Balance Sheet Highlights

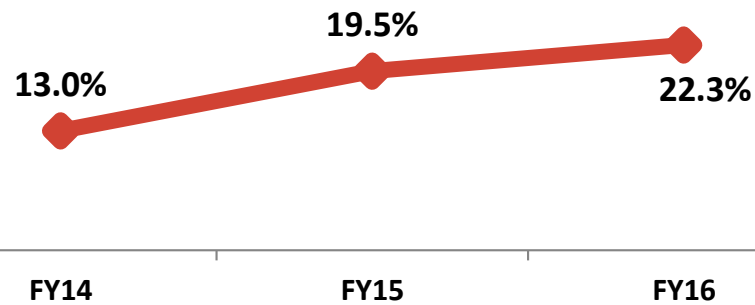
Return on Asset (%)



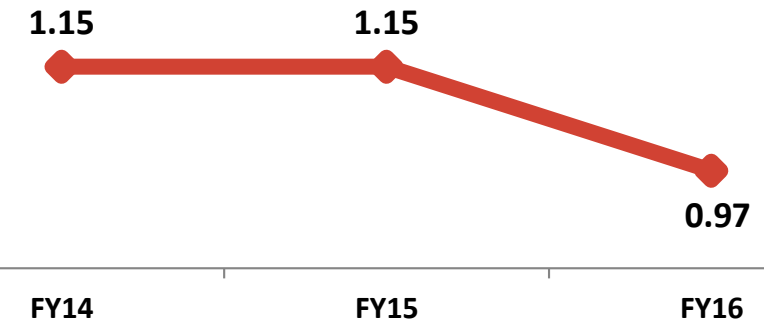
RoCE (%)



RoE (%)



Total Debt to Equity (x)



Debt free on Standalone Basis with strong cash reserves



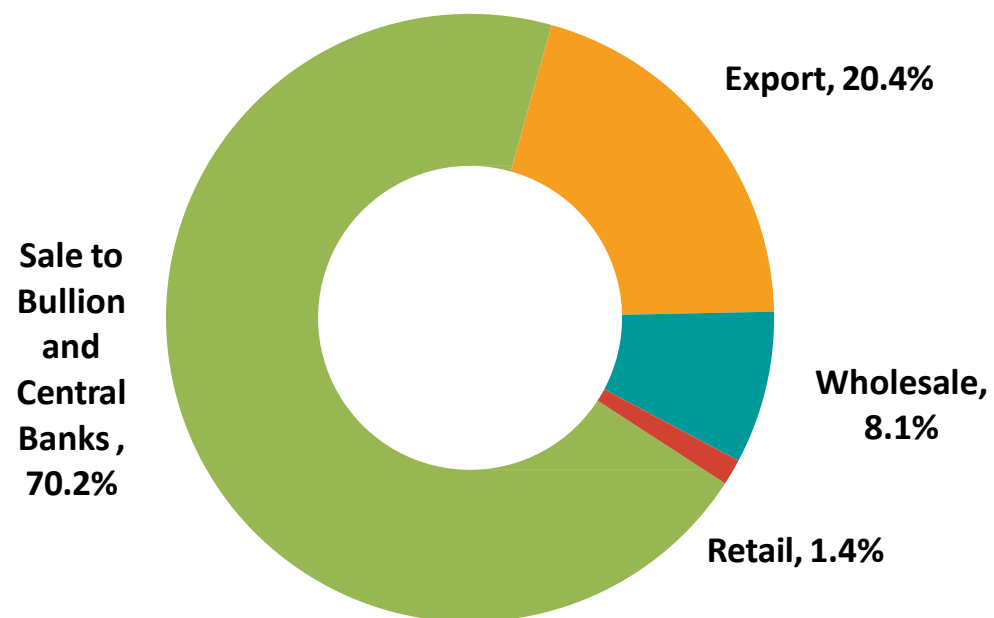
P&L Summary

Rs. Bln	FY16	FY15	YoY%	H1 FY17
Total Income from Operations	1,652.1	504.6	227.4%	1,233.8
Raw Materials	1,630.7	489.2		1,223.9
Employee Cost	1.1	0.4		0.8
Other Cost	2.7	2.4		0.9
Total Expenditure	1,634.5	492.0		1,225.6
EBITDA	17.6	12.6	39.7%	8.2
Interest	5.8	4.8		1.9
Depreciation	0.8	0.6		0.3
Other Income	0.1	0.0		0.0
Exceptional Item	0.0	0.0		0.0
Profit Before Tax	11.1	7.2	53.2%	6.0
Tax	0.4	0.7		0.2
Profit After Tax	10.7	6.5	64.6%	5.8

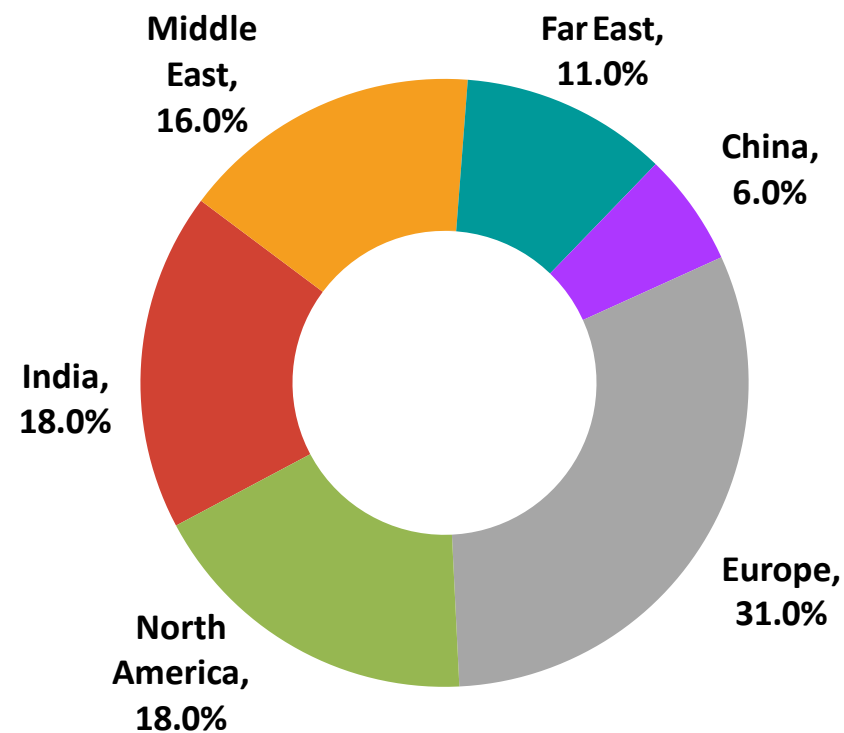


FY16 Revenue Break up

Segment break-up



Geographical break-up





Balance Sheet Summary

Rs. Bln	Mar-16	Mar-15
Shareholder's Funds	47.8	33.6
Share capital	0.3	0.3
Reserves & Surplus	47.5	33.3
Non-current liabilities	5.1	0.1
Other Long-Term liabilities	5.1	0.1
Current liabilities	156.5	127.1
Short Term Borrowings	45.9	38.4
Trade Payables	108.5	87.4
Other Current liabilities	0.2	0.2
Short-term provisions	1.9	1.1
Total Equities & Liabilities	209.4	160.8

Rs. Bln	Mar-16	Mar-15
Non-current assets	22.5	3.6
Fixed assets	13.5	2.6
Non-current Investments	8.4	0.6
Long-term loans & advances	0.6	0.4
Current assets	186.9	157.2
Inventories	9.9	5.7
Trade receivables	48.9	29.9
Cash & Cash equivalents	120.7	114.1
Short-term loans & Advances	3.1	3.3
Other Current Assets	4.3	4.2
Total Assets	209.4	160.8



Company Overview



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 2400 tons of gold 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
- 19% ROCE & 22% 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

- Sales cross USD 24 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
MBA, 20 years of experience at Credit Suisse and
UBS, 14 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



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 47 tons in FY16)

Retail of Gold Products

- Retail presence under own brand name "SHUBH Jewellers"
- 80 showrooms in India (Sold 8 tons in FY16)

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 407 tons in FY16)

Exports of Gold Products

- Exports products to almost all gold markets of the world (Exported 118 tons in FY16)
- Known worldwide for designs, quality and purity of products. Exports to large scale white label wholesalers

Gold Products Manufacturing

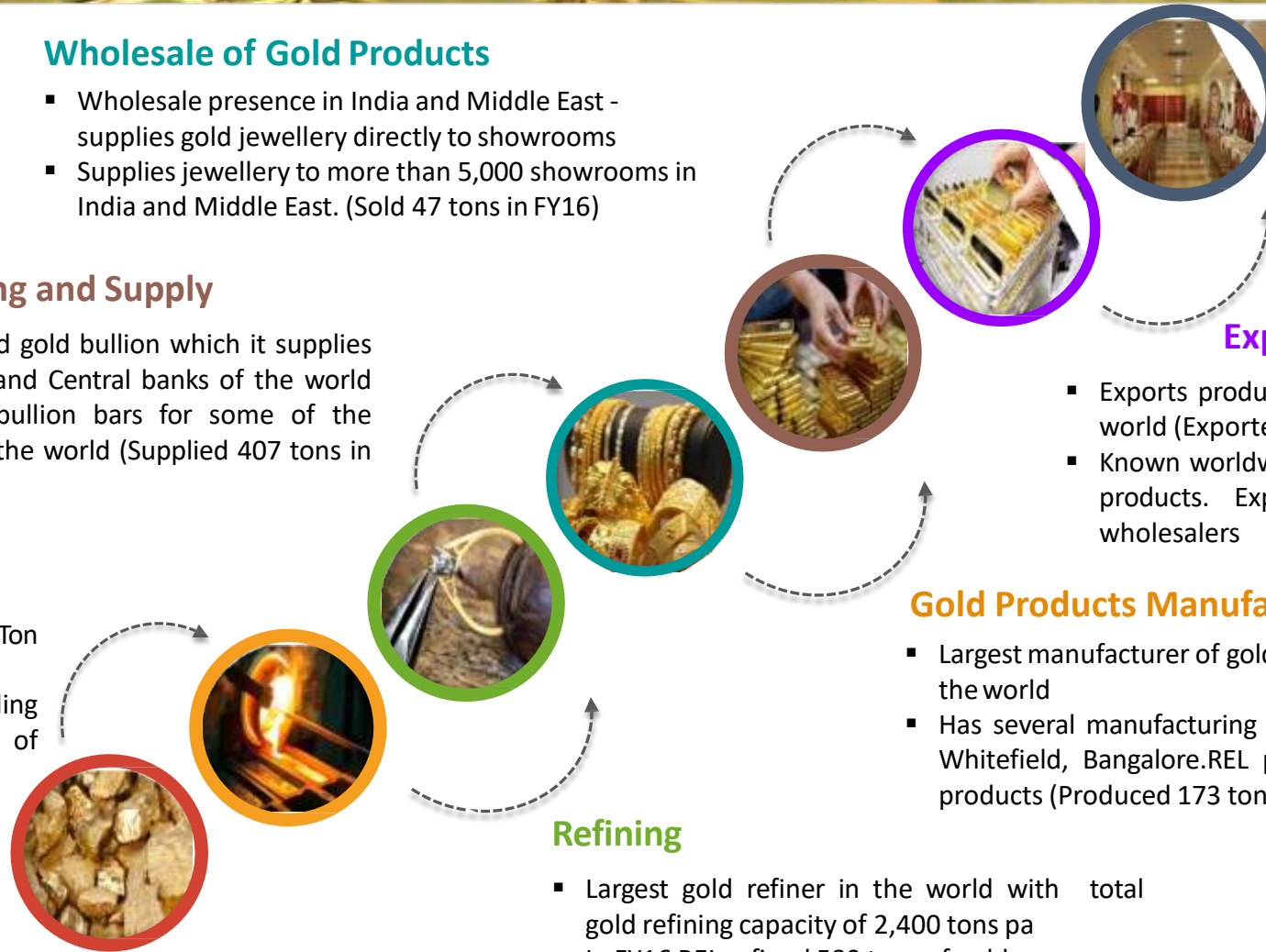
- Largest manufacturer of gold jewellery and gold products in the world
- Has several manufacturing facilities, the main one being at Whitefield, Bangalore. REL produces a wide range of Gold products (Produced 173 tons in FY16)

Refining

- Largest gold refiner in the world with total gold refining capacity of 2,400 tons pa
- In FY16 REL refined 580 tons of gold

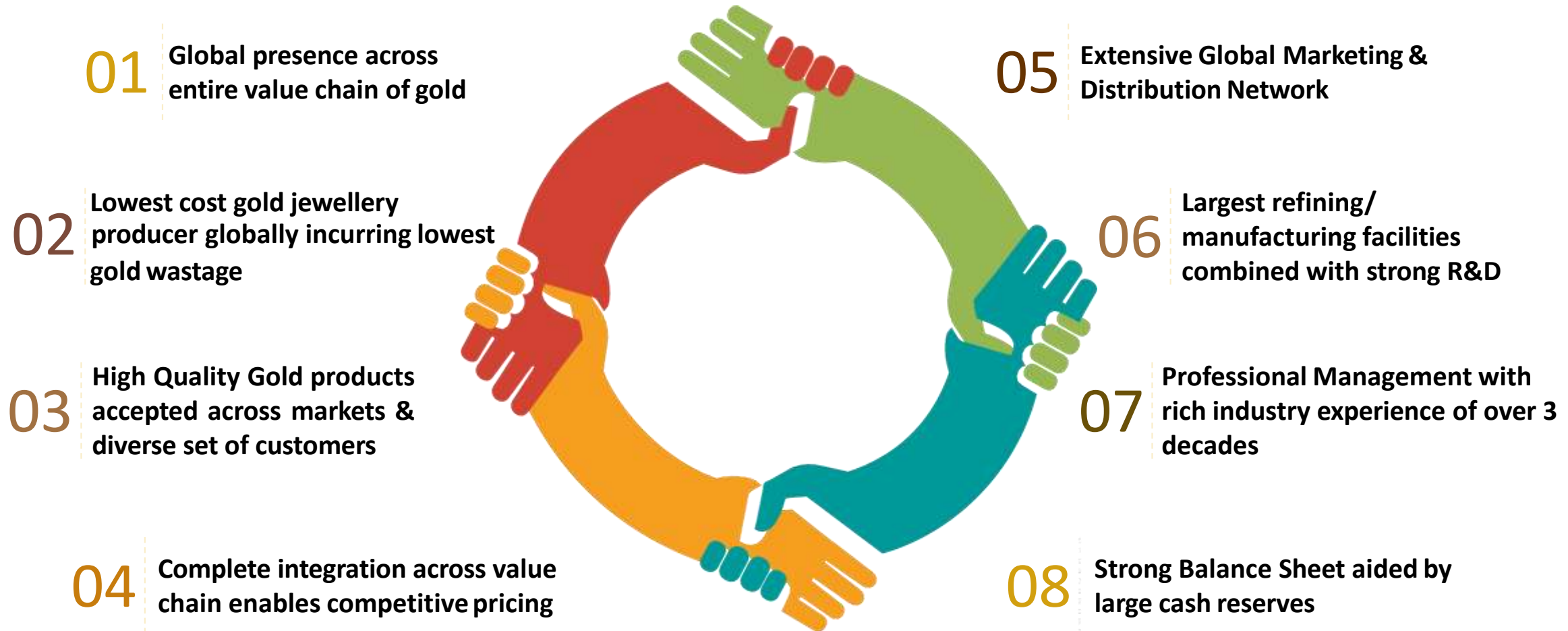
Mining

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





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



Way Ahead



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



Thank You



For further information, please contact:

Company:

Rajesh Exports Limited
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