Press Release

April 17,2013

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF RAJESH EXPORTS LIMITED

Rating

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Short-term -Fund-based Bank Facilities - Non-fund Based Facilities	240 400	CARE A3+ (A Three Plus)	Reaffirmed
Total Facilities	**640**		

Rating Rationale

The rating continues to draw strength from REL being the country's largest manufacturer and exporter of gold jewellery, experienced management team, strong brand image and benefits derived from being an integrated player with presence of strong in-house design team. However, the rating is constrained by low profitability margins, geographical and client concentration risk, working capital intensive nature of operations, as well as intense competition from various organised players in the retail segment operating in Southern states.

Going forward, ability of the company to improve its margins of operation and reduce its sales concentration risks will be the key rating sensitivities.

Background

REL was founded in 1989 by Mr Rajesh Mehta, as a partnership firm. The firm went public in the year 1995 with its Initial Public Offer. REL is engaged in manufacturing and trading of gold and diamond jewellery to domestic and export markets. The company caters to both wholesale and retail markets. REL operates a jewellery manufacturing unit at Whitefield, Bangalore, which can process over 370 tonnes of gold per annum.

During FY12, the company reported a PAT of Rs.412 crore on the net sales of Rs.25,062 crore. During the nine months ended December 31, 2012, the company reported a PBT of Rs.342 crore on the net sales of Rs.19,536 crore.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

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