

RAJESH EXPORTS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

The company performed excellently well in its export, wholesale and retail business and posted an impressive profit after tax of Rs. 12057.61 million and excellent revenues of Rs. 1956001.70 million. This is an increase of over 11 % over revenue of previous year. Company achieved this in spite of India's exports plunging by 34.57% (<https://www.financialexpress.com/economy/coronavirus-impact-indias-exports-plunge-by-34-57-in-march-4-78-in-fy20/1929622/>)

Company is concentrating its efforts towards increasing its presence in the retail space to ensure increased profitability, this has yielded results and the profitability of the Company has increased substantially. We are confident that Company will emerge as a dominant retail force in the jewellery sector in the times to come. The team of the Company will keep working towards further growth of profit margins by aggressively expanding its retail foot print and by adding more and better value added products to its global design portfolio. With its global positioning and with its innovative and relentless efforts Company will aggressively grow in the coming years both in terms of revenue and profit. We have also 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 to suit their price points.

REL is consistently working towards its goal of being the first and the only global company, which would be seamlessly integrated from mining to consumer in a sizeable manner. Currently REL is a seamlessly integrated company with a small front end and a large middle end of the operations. REL is working towards strengthening its front end operations, wherein it would be growing its retail presence by increasing the number of its showrooms globally and by launching an E-commerce platform for global distribution of its product.

Opportunities & Threats

There is a huge opportunity to move the gold business from unorganized to organized space in many countries including India and China. The organized segment has tremendous growth prospects. Growing consciousness of branded jewellery, increasing purchasing power in the Tier I & II locations, and increasing demand for diamond jewellery are major opportunities for the next 10 to 15 years. The major threat could be changes in government policy with regard to import and export of gold products.

Risk & Concern

The Company has successfully been in gold business for more than three decades and has developed systems to mitigate most of the perceivable risks. The Company has ambitious expansion plans in retail to increase its profitability, these plans require large scale and meticulous execution capabilities. Even though the company has planned its execution strategy, there would always be a concern and risk of execution.

MANAGEMENT

The Board of Directors head the Management of the Company, which also includes Whole Time Directors. The following is the composition of the Board of Directors of the Company as on 31.03.2020.

Sl. No.	Name	Designation	Profession
01.	Mr. Rajesh Mehta	Executive Chairman	He is responsible for the overall functioning of the company, in addition to being specifically in-charge of the finance and marketing functions. He has an experience of over 35 years in functioning and management of the jewellery trade and has traveled extensively within India and abroad for establishing a strong network in the industry. In addition to his post as Executive Chairman of REL he is a member of the Export Trade Advisory Committee of the Bangalore Jewellers Association. He is also the president of the Karnataka Jewellery Exports Association.
02.	Mr. Prashant Mehta	Managing Director	He is in charge of the day-to-day functioning and holds specific charge of the production unit of REL. He has over 35 years of experience in the jewellery business and is recognized as an authority in the production of Gold products.



03.	Mr. Y Venu Madhava Reddy	Non-Executive & Independent Director	He has an experience of over 20 years in Statutory Matters. He advises the Board on statutory requirements
04.	Mr. G. Shanker Prasad	Non-Executive & Independent Director	Well known Practicing Company Secretary and Cost Accountant. He advises the Board with insight on Company Law-related matters.
05.	Ms. Vijaya Lakshmi	Non-Executive & Independent Director	She has a vast experience in Human Resource Management, and is an asset to the Company on this aspect.
06.	Joseph T. D.	Non-Executive & Non-Independent Director	He has experience over 25 years in administration and management
07.	Mr. Vijendra Rao	Chief Financial Officer	He has an experience of over 35 years in the field of finance and accounting. He is incharge of financial policies of the Company.
08.	Ms. Nidhi Tulsyan	Company Secretary	She is a qualified Company Secretary and is incharge and head of the Secretarial Department of the Company.

The Board of Directors are efficiently complemented in the day-to-day functioning by a team of highly qualified professionals with considerable experience and expertise in their respective fields.

HUMAN RESOURCES

The one single major reason which can be attributed to the growth of Rajesh Exports Limited is its people. Rajesh Exports Limited recognizes the importance of its people, Rajesh Exports Limited has a unique culture of equality wherein each individual focuses on his task with utmost responsibility. The Company has a HR policy which emphasizes the need of attaining organizational goals through individual growth and development. Staff audit and performance appraisal are the key areas of the Company's HR Policy.

DISCLAIMER

Statements made in Management Discussion and Analysis report may include forward looking statements and may differ from the actual situation. The important factors that would make a difference to the Company's operations include market factors, government regulations and policies, developments within and outside the country etc.

ANALYSIS OF FINANCIAL PERFORMANCE

a) *Key financial Indicators:*

	2019-2020	2018-2019
Return on Net Worth	11.45%	14.62%
PAT to Sales	0.62%	0.74%
Turnover (Times)/ Fixed Assets	246.68	222.21
Sales / Total Assets (Times)	6.37	6.09

RAJESH EXPORTS LIMITED

b) **Revenues:**

The business operations of Rajesh Exports Ltd. for the year 2019-20 resulted in the Company achieving total revenue of Rs. 1,956,001.70 Million as against Rs. 1,757,631.23 Million during the previous year.

(Rs. in Million)

	2019-2020	2018-2019
Operating Revenue	1,956,001.70	1,757,631.23
Other Income	70.62	675.38
Total Revenue	1,956,072.32	1,758,306.61

c) **Operating Income:**

Operating income (excluding other income) for the year 2019-20 has been Rs. 1,956,001.70 Million as compared to Rs. 1,757,631.23 Million in the previous year.

d) **Cost of Revenue:**

Cost of goods sold for 2019-20 has been Rs. 1,935,264.25 Million as compared to Rs. 1,734,481.78 Million in the previous year.

e) **Provision for Taxation:**

The provision for taxation for 2019-20 has been Rs. 554.25 Million as compared to Rs. 535.26 Million during the previous year.

f) **Debt:**

The Company is a debt free Company.

g) **Fixed Assets:**

The book value of fixed assets for the year ended 31.03.2020 after providing for depreciation has been Rs 7,929.30 Million.

h) **Loans and Advances:**

The loans and advances as on 31st March 2020 were Rs. 5,300.53 Million as compared to Rs. 5,773.78 Million during the previous year.

i) **Cash and Bank Balances:**

REL continues to be a cash positive Company. As on 31st March 2020 the Company had Rs. 127,876.30 Million (Net) as cash and bank balances.

j) **Current Liabilities:**

The current liabilities as on 31.03.2020 have been Rs. 200,869.43 Million.

For and on behalf of the Board

Sd/-

RAJESH MEHTA

Chairman

Place : Bengaluru
Date : June 30, 2020