



RENAISSANCE GLOBAL LIMITED

INVESTOR PRESENTATION
MAY 2019





Discussion Summary

- 1 Company Overview
- 2 Business Strategy & Outlook
- 3 Q4 & FY19 Results
- 4 Annexure



RENAISSANCE
GLOBAL LIMITED



OVERVIEW

A global luxury company growing through :

- ❖ Valued partnerships with leading retail brands in the world's top markets
- ❖ Proven history of successful synergistic acquisitions
- ❖ Robust and disciplined balance sheet to fuel future growth

Largest Supplier of Branded Jewellery To Leading Global Retailers



India's Largest Exporter of Gem-Set Jewellery

- GIPEC Award for "Largest Exporter of Studded Metal Jewellery" for 7th time in 2017
- 2.9 Mn pieces of jewellery sold in FY19,
- Robust manufacturing (166,000 sq. ft., 2,916 employees)

Strong Design Capabilities

- ~95% of sales based on in-house designs
- ~12,000 new designs developed in FY 2019
- 151 member design team based in US, UK, Hong Kong, Dubai & Mumbai
- Strong R&D to drive product innovation

Acquisition Strategy

- Track record of successful acquisitions
- Expansion of product portfolio and geographies via strategic acquisitions
- Opportunities continue to be available due to market turmoil

Robust Financials *

- Total Revenues, EBITDA & PAT of Rs 25,833 Mn, Rs 1,342 Mn & Rs 841 Mn in FY19, growing at 42%, 33% and 32% respectively
- Low leverage: Net Debt / Equity – 0.92
- Return Ratios: ROE: 12.7%

Global Marketing Presence

- Dedicated in-house marketing across key markets in USA, UK & Middle East
- Incorporated a subsidiary in China.
- Continued focus on geographical diversification
- Share of revenues from US reduced from 85% in FY11 to 57% in FY19

Focus on Licensed Brands

- Licensing agreement to sell "Enchanted Disney Fine Jewellery" and "Heart of Hallmark Diamonds" jewellery collections
- Branded jewellery sales to bring significant value addition, higher margins & profitability

India Brand Strategy

- Strategic investment in joint venture(JV) with Bennett, Coleman and Company Limited(BCCL) to promote brand 'IRASVA' owned by the JV
- BCCL has committed Rs. 3500 Mn of advertising spends in exchange of 49% equity in the joint venture

Marquee Clientele

- Amazon, Argos, Helzberg, J.C Penney, Malabar Gold, Signet, Wal-Mart
- Diversified Customer Base

Established Partner to Global Jewellery Retailers



Strong Design Team With Expertise on Global Fashion Trends

- 151 member design team based in US, UK, Hong Kong, Dubai & Mumbai
- Design bank of over 200,000 styles built over two decades
- Over 12,000 new designs launched every year based on international trends
- Partner of choice of marquee global designer brands.
- Partner of choice for global retailers.
- Designs are the intellectual property of Renaissance Global.

Strong R&D Focus to Drive Product Innovation

- 25 member research & development team creating patented products
- 5,000 sq. ft dedicated research & development facility
- Investment in R&D acts as a key differentiator in global markets

State-Of-The-Art Manufacturing Facilities With Highly Skilled Workforce



- Robust manufacturing setup in 166,000 sq. ft. across 8 manufacturing facilities with 2,916 skilled employees
- Global standard manufacturing technologies including Casting, CNC Machining and 3D Printing
- Each piece of jewellery is manufactured as per customer requirements, backed by strong internal processes
- Right balance between full time and contractual manpower, resulting in cost savings during the off season
- Customized ERP solution for effective monitoring and efficient inventory management

Mumbai (across all 6 units)
Area: 95000 sq ft
Manpower: 1312

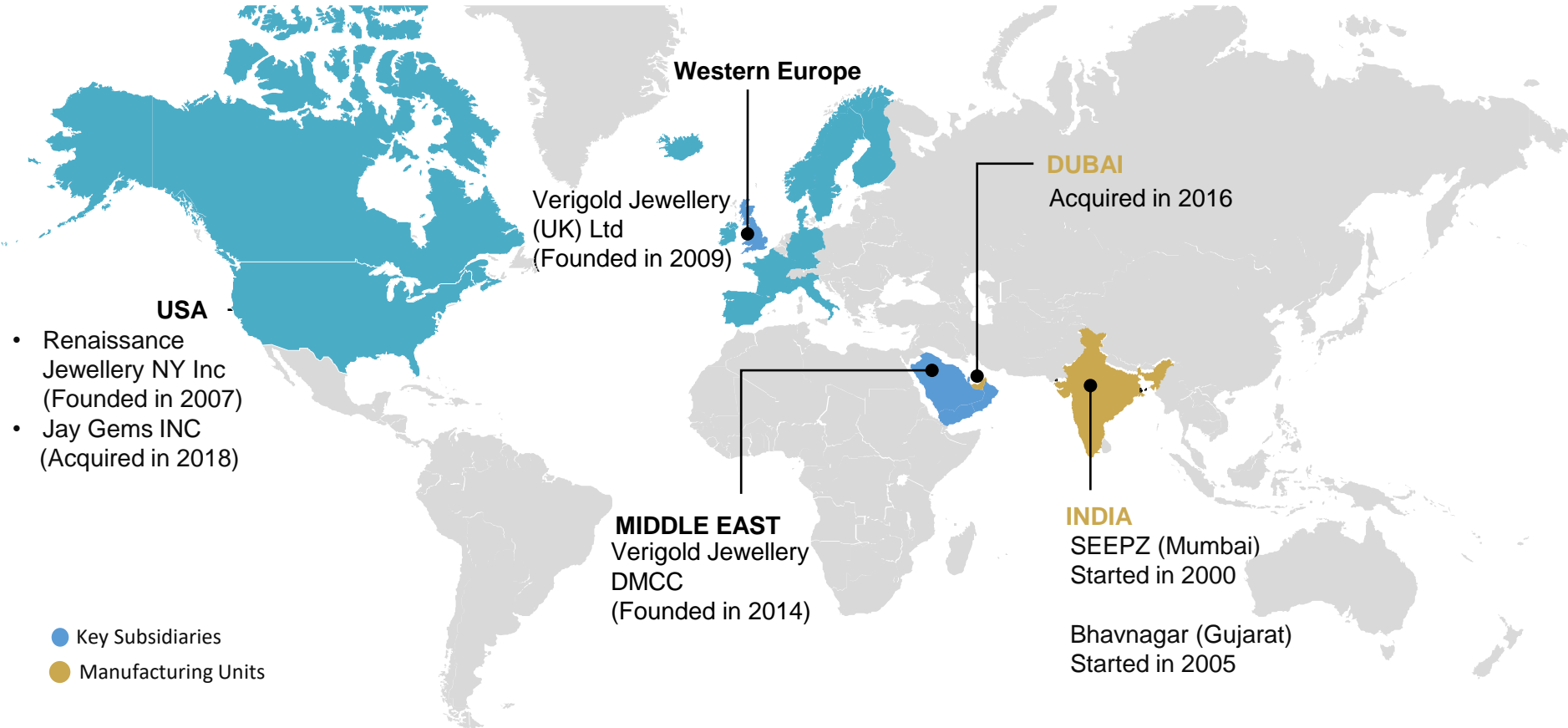
Bhavnagar
Area: 65,000 sq ft
Manpower: 1512

Dubai
Area: 6000 sq ft
Manpower: 92

Manufacturing Facilities in Maharashtra & Gujarat



Global Marketing Presence To Serve Key Jewellery Markets



Preferred Partner to Marquee Global Retailers Across The World



50+ Customers
Across USA, UK &
Middle East

10+ Year Relationships with
Top 10 Customers

Diversified Customer Base

Minimal Credit Risk Due
to Stable Clientele &
Disciplined Credit Terms

E-Commerce/ Television



Specialty Jewellers



Fred Meyer Jewelers



ZALE CORPORATION



Joyalukkas





RENAISSANCE
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BUSINESS STRATEGY & OUTLOOK

Business Strategy & Outlook



Increasing Sales Of Licensed Brands In Existing Markets

- Grow branded jewellery sales through Disney and Hallmark licensing agreements, leading to increased customer wallet share and market penetration
- Develop new products under Disney license – Mickey, Minnie and Star Wars

Expanding Licensed Brand Sales In New Geographies

- Introduce wide range of Enchanted Disney Fine Jewelry in new markets where there is strong Disney brand recognition
- Launch Hallmark Diamonds in new markets

Continued Focus on New Product Development and Innovation

- Expand gold Jewellery portfolio in Middle East by introducing new technologies including 3D printing
- Introduce new product categories including wedding bands in the US and then replicate across other geographies

Inorganic Growth To Accelerate Growth in New Products & New Markets

- Aggressively pursue suitable acquisitions, new brand licenses for product expansion and geographical expansion opportunities
- Leverage strong balance sheet position for faster growth

India Brand Strategy

- Strategic investment in joint venture(JV) with Bennett, Coleman and Company Limited(BCCL) to promote brand IRASVA owned by the JV
- BCCL has committed Rs 3500 Mn of advertising spends in exchange of 49% equity in the joint venture



Vogue DMCC

- Renaissance Jewellery DMCC acquired Vogue DMCC in 2016.
- Vogue DMCC specialises in manufacturing and wholesaling of plain gold jewellery in the Middle East.
- Renaissance leveraged the Vogue DMCC distribution network to expand sales of Renaissance products in the GCC markets.

Jay Gems Inc

- Renaissance acquired Jay Gems Inc in 2018 for USD 25.62 million
- Jay Gems has been in existence for 25 years, focused on diamond jewellery, and generated revenues of USD 79.5 Mn in 2017
- Jay Gems has the exclusive “Enchanted Disney Fine Jewelry” license.
- The acquisition expands Renaissance global product offerings.
- Licensed Jewelry will help improve margins of the Consolidated company.
- ROE and ROCE for the license business is higher than the other businesses.

IRASVA

- A subsidiary of Renaissance has made a strategic investment in a joint venture with Bennett, Coleman and Company Limited to launch a consumer jewellery brand “IRASVA” in India.
- The first IRASVA retail store opened in Mumbai in May 2019.

Entry into Branded Jewellery Through Acquisition of Jay Gems



- Branded jewellery is the fastest growing segment of the jewellery business.
- This growth is predicated due to De Beers reducing marketing spends on Generic diamond jewellery
- Renaissance acquired Jay Gems INC in FY 2018-19. Jay Gems has the exclusive license to 'Enchanted Disney Fine Jewellery' which features Disney Princess inspired engagement rings and fashion fine jewellery.
- Enchanted Disney Fine Jewellery is a top performing brand at Zales Jewelers.
- Disney is the biggest licensing company in the world (with USD 57 billion in sales – 2017) including USD 5.5 billion for the Disney Princess brand
- The acquisition will be accretive due to staggered purchase consideration, synergies and focus on higher margin categories.





- To capitalise on the international appeal of the Disney brand, Renaissance has acquired exclusive licenses for the Middle East, China, India, South Africa, the Philippines, Malaysia and Singapore.
- Due to the success of the 'Enchanted Disney Fine Jewelry', Renaissance has the opportunity to create jewellery for additional Disney license properties including Mickey and Minnie, Star Wars and other Disney I.P.
- Marketing of the licensed brands is magnified by the high profile of continued Disney global film launches, including Aladdin and Frozen 2 in 2019

Current Brand Portfolio and Benefits of the Branded Play



Benefits of Branded Jewellery Sales

Superior product positioning
and deeper customer
relationships

Increased competitiveness
through design exclusivity

Higher value addition and focus
on higher price points

Better pricing and
higher margins than generic
jewellery

Opportunity to market both
bridal and fashion fine
jewellery collections

Licensing Agreement with Disney



Disney
CINDERELLA



Licensing Agreement with Hallmark



The Two Brands : Reach & Opportunities



Enchanted Disney Fine Jewelry

- Introduces one of the world's best loved brands to the fine jewellery market
- Successful distribution at every level of retail, including independents, specialty retailer
- USD 125 million in retail sales in 2018
- Global name recognition with potential for worldwide growth
- Successful in both bridal and fashion jewellery
- According to a study by the Knot/ XO Group, 1 in 4 brides want something from Disney for their wedding day

Disney's Wedding Connection



~50,000

Vows Exchanged at
Disney Weddings

~5,000

Weddings
Annually

#1

Honeymoon
Destination

Disney Social Media Connections



100+ Mn
Followers



12+ Mn
Followers



5+ Mn
Followers



3+ Mn
Subscribers



40+ Mn
Website Visitors



Hallmark Diamonds

- Hallmark has a global presence in more than 100 countries
- Top 2% of Brands (2017 Equitrend/Harris Interactive)
- #5 Most Reputable Company (2017 U.S Reptrak 100)
- 6 billion annual brand interactions
- Brand reaches 99% of US women ages 25-54
- Over half of US adult women interacted with at least 3 Hallmark touch points in the past 6 months
- 500+ bloggers with reach of +24 million
- Strong brand association with emotional connection is highly relevant to jewellery consumers

Hallmark Social Media Connections



64.1
Million



16
Million



150
Million



92
Million



16.7
Million



- Verigold Jewellery DMCC will make a strategic investment of Rs. 200 Mn in a joint venture with Bennett, Coleman and Company Limited.
- A joint venture to launch a retail jewellery brand in India
- Renaissance Global upon conversion of the Debenture will own 51% of the joint venture
- Bennett, Coleman and Company Limited has an advertisement spend commitment of Rs 3500 Mn over a period of 5 years
- The first “IRASVA” store opened in May 2019 and the company plans to expand to 25 stores in India in the next five years
- We will be strategic with the scale up of IRASVA and will monitor its profitability closely.
- We will be able to leverage global design bank as well as Enchanted Disney Fine Jewelry.





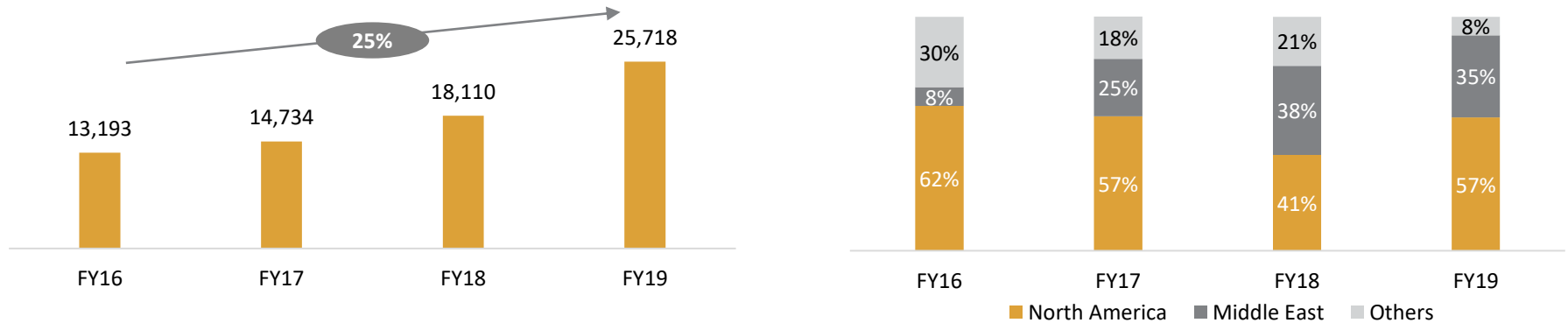
- Irasva's gold and diamond jewellery celebrates the modern woman's love for self and love of expression
- 'Irasva' is a combination of "ira" meaning enjoyment and "sva" meaning self in Hindi.
- The Irasva brand invites women to indulge in self love.
- Irasva jewellery inspires every woman to create, feel beautiful and express herself in every moment
- Irasva is a every day fine jewellery brand for the self-assured modern woman



Geographical Diversification Through Entry Into New Markets



Robust Sales Growth & Geographical Diversification Achieved Over FY16 to FY19 Driven by Entry in GCC Market



- Over the years, Renaissance has strategically reduced its dependence on the US market and diversified into key jewellery markets across Middle East, Asia Pacific and Europe
- In addition to having a direct marketing presence through own subsidiaries in USA, UK and Middle East, Renaissance has also diversified its manufacturing base across India and Dubai
- The acquisition of a manufacturing facility in Dubai has eased entry into the Gulf Cooperation Council (GCC) markets

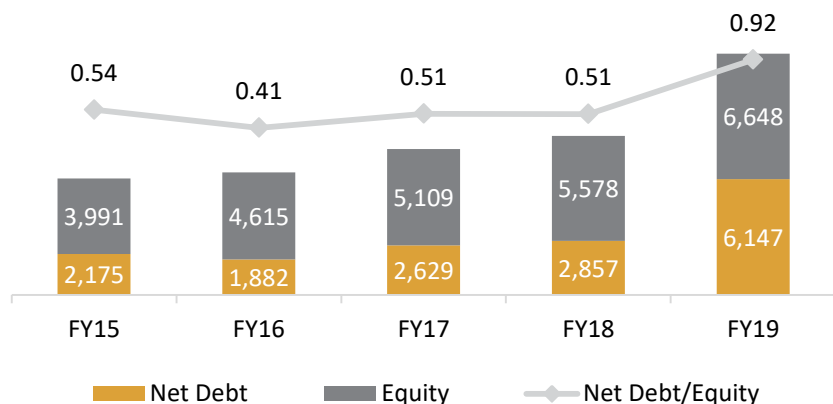
Renaissance has continually pursued geographical diversification

- In FY 2011, 85% of its revenues from the US but in FY 2019, US revenue share was reduced to 57%
- The Vogue acquisition helped to substantially increase the contribution from the Middle East from 8% in FY2016 to 35% in FY2019

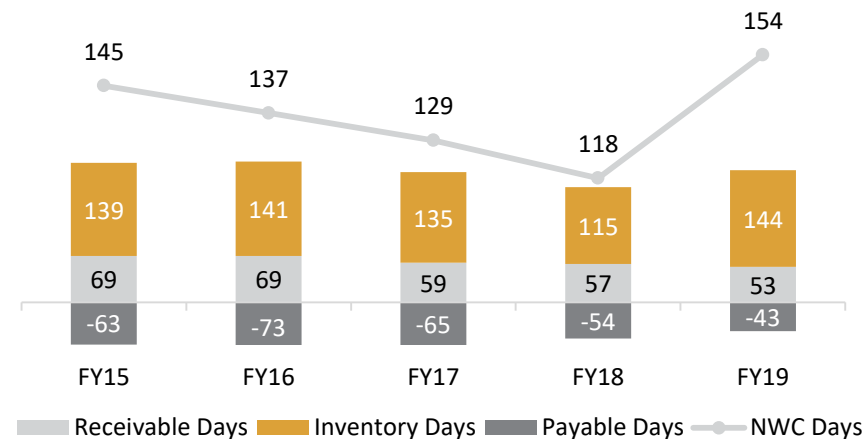
Financial Strength Driving Business Growth (Consolidated)



Leverage (Rs Mn)



Working Capital Analysis



Balance Sheet Discipline : Low Leverage & Efficient Working Capital Management

- The Gems & Jewellery export sector in India, has been negatively affected by capital mismanagement and highly leveraged balance sheets
- In contrast, Renaissance has steadily grown its business with a highly disciplined approach based on prudent capital allocation and efficient working capital management
- Inventory and receivables days have been reduced by close monitoring and optimization of the entire cycle from orders to delivery till the receipt of money
- The recent acquisition of Jay Gems Inc was funded through internal accruals. The Debt\Equity ratio is elevated on account of purchase consideration payable to erstwhile owners classified as Debt in Financials.
- Inventory days have increased from 115 days to 144 days because of high inventory on the books of Jay Gems. We are committed to manage the Jay Gems inventory better and bring it to lower levels over the next year

Limited Exposure to Currency & Commodity Fluctuations

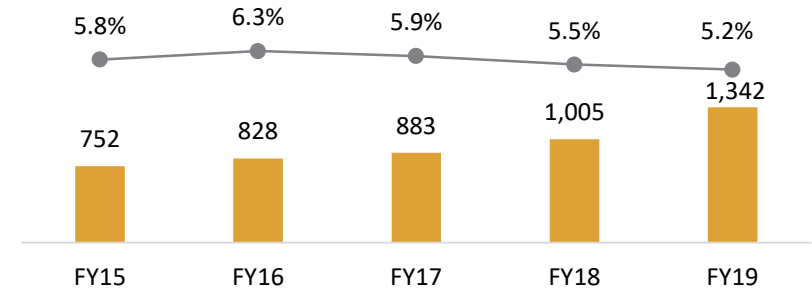


Business Offers Significant Natural Hedge Leading to Limited Exposure to Currency & Commodity Risk

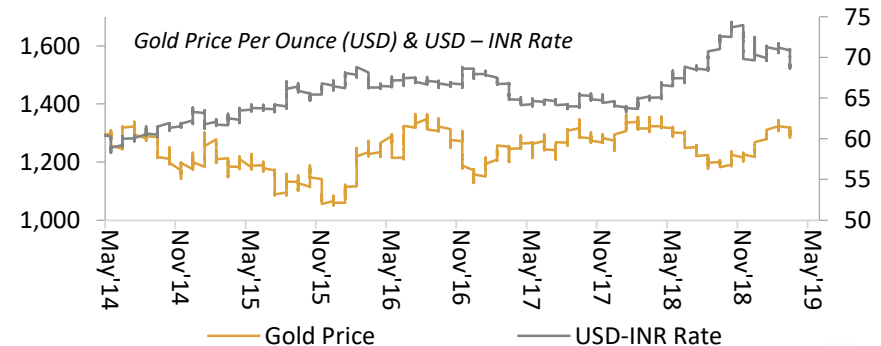
The Company's functional Currency is USD since majority of the business transactions are undertaken in USD currency

- Operating margins have been largely stable despite currency & commodity price volatilities
- Majority of the sales are in USD currency while few sales in European market are in their local currency
- Globally, sales are on MRP basis, leading to limited exposure to commodity prices & inventory price risk
- All the raw material purchases including gems, diamonds and gold, even in India, are in USD currency
- The incremental sales take into account the currency and commodity price at the time of order confirmation from customer
- A small portion of manufacturing expenses in India are booked in INR, for which commensurate hedging is undertaken
- Majority of the loans are under PSFC & PCFC are also in USD

Healthy EBITDA Growth & Stable EBITDA Margin over Last 5 Years



Despite Volatile Currency & Commodity Price Movements



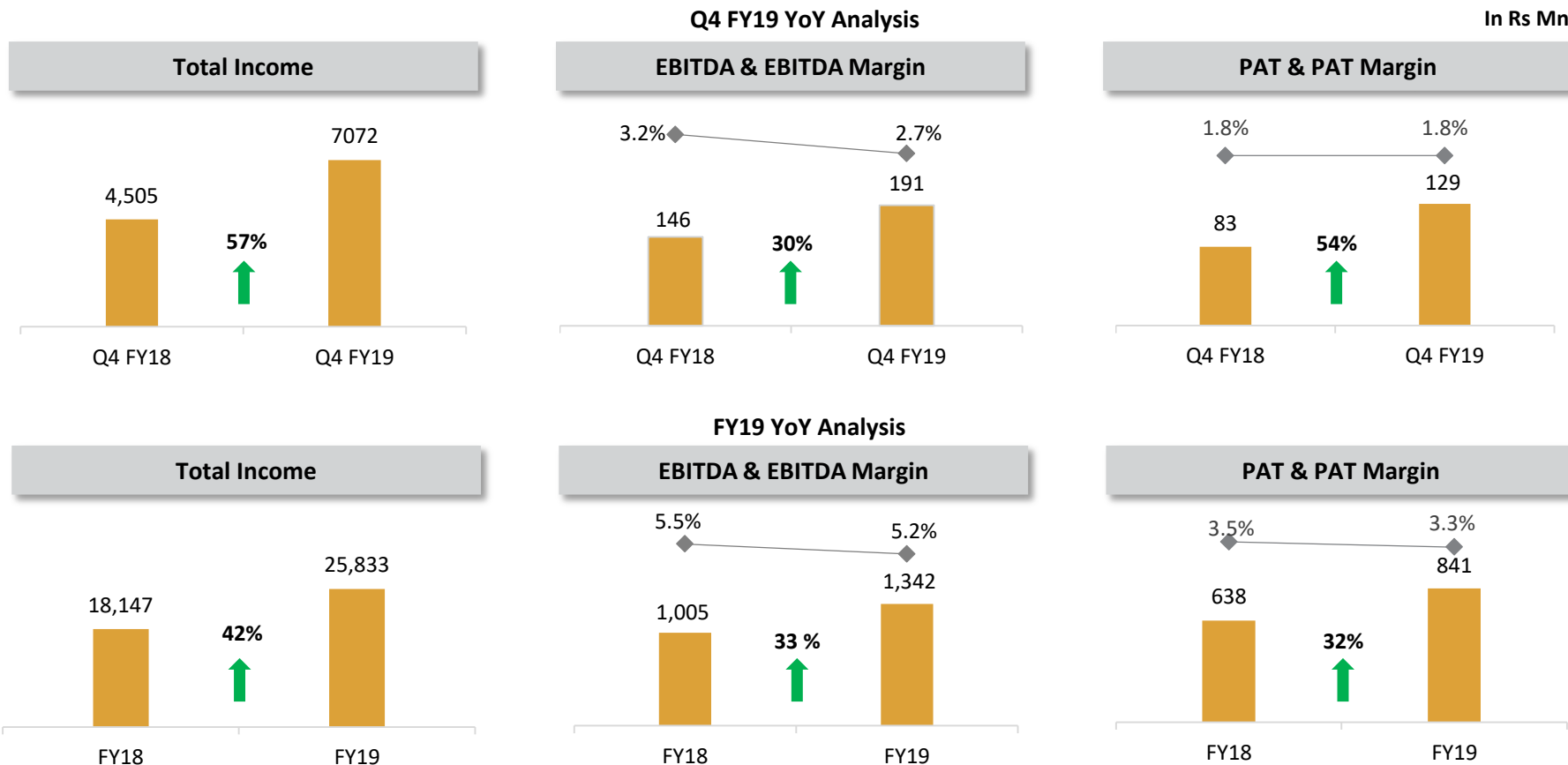


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Q4 & FY19 RESULTS

Q4 & FY19: Key Highlights



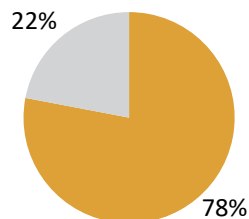
Q4 & FY19: Segment Analysis



Q4 FY19 YoY Analysis

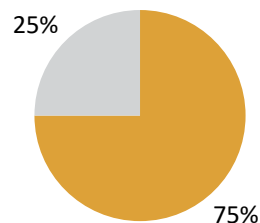
Studded & Plain Gold Jewellery

Q4 FY18



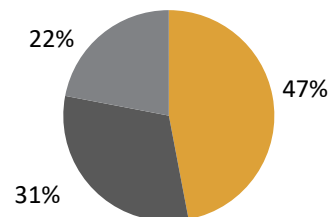
■ Studded Jewellery ■ Plain Gold Jewellery

Q4 FY19



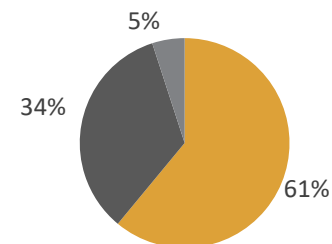
Geographical Mix

Q4 FY18



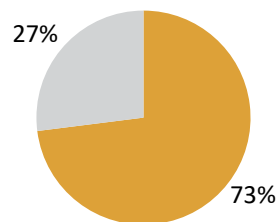
■ N. America ■ Middle East ■ Others

Q4 FY19



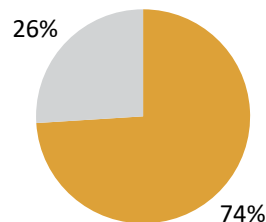
FY19 YoY Analysis

FY18

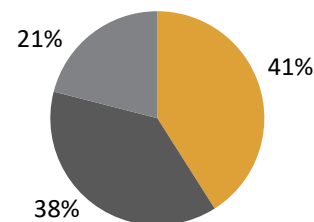


■ Studded Jewellery ■ Plain Gold Jewellery

FY19

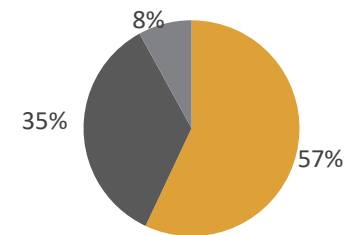


FY18



■ N. America ■ Middle East ■ Others

FY19



Consolidated Profit & Loss Statement



Particulars (In Rs Mn)	Q4 FY19	Q4 FY18	YoY %	FY19*	FY18*	YoY %
Revenue From Operations	6,965.6	4,486.2	55.3%	25,717.5	18,109.6	42.0%
Other Income	105.9	18.4		115.7	373.9	-69.1%
Total Income	7,071.5	4,504.6	57.0%	25,833.2	18,147.0	42.3%
COGS	5,877.6	3,892.1	51.0%	21,150.1	15,105.5	40.0%
Gross Profit	1,193.9	612.5	94.9%	4,683.1	3,041.5	53.9%
Gross Margin %	16.9%	13.6%	300 bps	18.1%	16.8%	130 bps
Employee Expenses	227.2	171.6	32.4%	922.8	789.2	16.9%
Other Expenses	776.0	294.6	163.4%	2,418.2	1246.7	93.9%
EBITDA	190.7	146.3	30.3%	1,342.1	1,005.6	33.4%
EBITDA Margin %	2.7%	3.3%	-60 bps	5.2%	5.5%	-30 bps
Depreciation	90.2	29.8	202.6%	181.0	110.6	63.3%
Finance Cost	70.2	42.1	66.7%	249.6	144.9	72.2%
PBT	38.2	64.9	-41.1%	900.3	746.8	20.6%
Tax Expense	(90.7)	(18.6)		59.0	108.9	-45.8%
PAT	128.9	83.6	54.2%	841.4	637.9	31.9%
PAT Margin %	1.8%	1.8%	0 bps	3.3%	3.5%	-17 bps

Consolidated Balance Sheet



Particulars (In Rs Mn)	Mar-19	Mar-18
Shareholder's Funds		
Equity Share Capital	186.8	186.8
Reserves & Surplus	6,460.1	5,304.1
Minority Interest	1.6	4.2
Non-Current Liabilities		
Borrowings	11.3	12.7
Long Term Provisions	14.2	18.5
Current Liabilities		
Income Tax Liabilities (net)	32.9	0.2
Short Term Borrowings	6,526.8	3,457.5
Trade Payables	2,931.0	3,072.8
Other Current Liabilities	351.6	178.7
Short Term Provisions	19.4	14.7
Total Equity & Liabilities	16,535.7	12,250.2

Particulars (In Rs Mn)	Mar-19	Mar-18
Non-Current Assets		
Fixed Assets – Tangible & Intangible	821.1	490.0
CWIP & Intangibles under development	1.1	29.4
Other Non Current Assets	113.8	206.0
Deferred Tax Assets (Net)	332.1	227.1
Current Assets		
Current Investments	179.1	506.7
Inventories	10,161.2	5,915.0
Trade Receivables	3,731.5	3,537.6
Cash & Bank Balances	390.9	648.4
Short Term Loans & Advances	7.8	3.8
Other Current Assets	724.4	616.5
Asset Classified for Sale	72.7	69.7
Total Assets	16,535.7	12,250.2

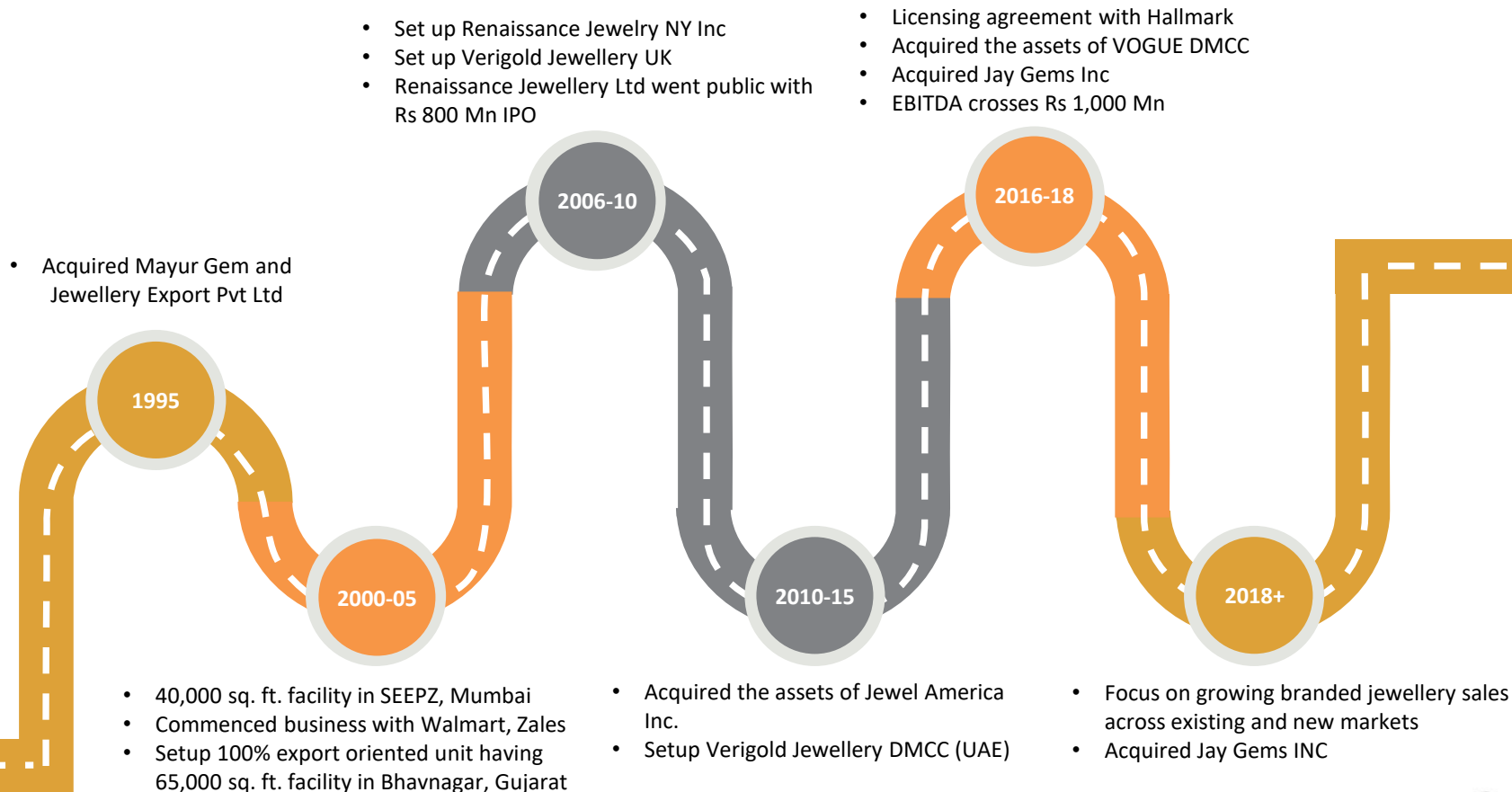


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ANNEXURE

Key Milestones



Experienced Management Team



Niranjan Shah, Chairman

- Associated with the company since inception
- Over 4 decades of experience in the gems & jewellery industry
- Responsible for the overall strategic planning and decision making



Sumit Shah, Vice Chairman

- 22 years of industry experience
- Responsible for long term business plans and new business initiatives



Hitesh Shah, Managing Director

- 22 years of industry experience
- Responsible for Finance, Accounting and Merchandising operations



Suhel Kothari, Director

- President, RJNY Inc (Verigold)
- Manages operations of USA division



Neville Tata, Executive Director

- 21 years of industry experience
- He is responsible for Production and HRM



Experienced Independent Directors: Strong Corporate Governance



Veer Kumar Shah, Independent Director (ICAI, 1969;)

- Practicing Chartered Accountant with more than 4 decades of experience
- Expert in Accounting, Auditing , Taxation, Company Law matters, Arbitration matters and management consultancy in diverse sectors



Anil Chopra, Independent Director

- 30 years experience in marketing of consumer products, Prior worked in Tata Sons and their group company, Voltas
- Exp. in Commercial, Human Resource Development and Administration functions



Arun Sathe, Independent Director

- Practicing Lawyer in High court & Supreme Court & Veteran Economist
- Governing Council Member of Mah. Chamber of Commerce, Finance & Taxation Committee of the Chamber & FICCI; Part time member of SEBI



Vishwas Mehendale, Independent Director

- Practicing Chartered Accountant in Taxation and appellate matters, including drafting and arguing appeals before Commissioners of I.Tax & Appellate Tribunal
- Expert in Direct & Indirect Tax Laws, Accounts & Audits, Finance & Corporate Laws



Madhavi Pethe, Independent Director

- Former Independent Director of Bombay Commodity Exchange Ltd. by Forward Markets Commission, Central Govt
- Member of Board of Studies of Banking & Insurance University of Mumbai

Consolidated Profit & Loss Statement



Particulars (In Rs Mn)	FY19**	FY18**	FY17*	FY16	FY15
Revenue From Operations	25,717.5	18,109.6	14,734.5	13,195.8	12,764.4
Other Income	115.7	373.9	179.7	41.9	181.9
Total Income	25,833.2	18,147.0	14,914.2	13,237.7	12,946.3
COGS	21,150.1	15,105.5	11,577.4	9,959.1	9,907.2
Gross Profit	4,683.1	3,041.5	3,336.8	3,278.0	3,039.1
Gross Margin %	18.1%	16.8%	22.4%	24.7%	23.4%
Employee Expenses	922.8	789.2	803.2	792.4	779.6
Other Expenses	2,418.2	1246.7	1,651.0	1,658.5	1,507.3
EBITDA	1,342.1	1,005.6	882.6	827.6	752.2
EBITDA Margin %	5.2%	5.5%	5.9%	6.3%	5.8%
Depreciation	181.0	110.6	140.3	150.2	173.5
Finance Cost	249.6	144.9	132.1	105.3	115.9
PBT	900.3	746.8	610.1	572.1	455.8
Tax Expense	59.0	108.9	114.9	98.6	57.2
PAT	841.4	637.9	495.2	473.5	405.6

* Excluding extraordinary items

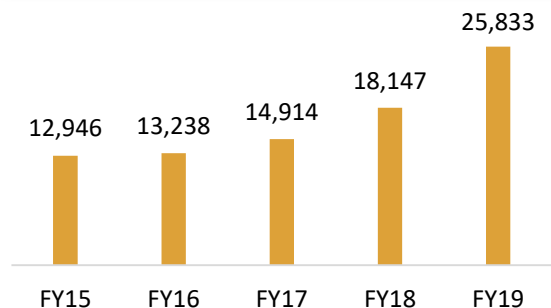
**including loss due to discontinued operations

Financial Summary

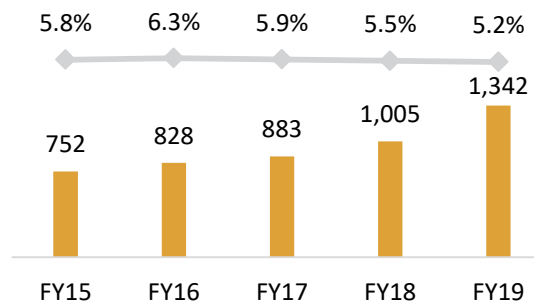


In Rs Mn

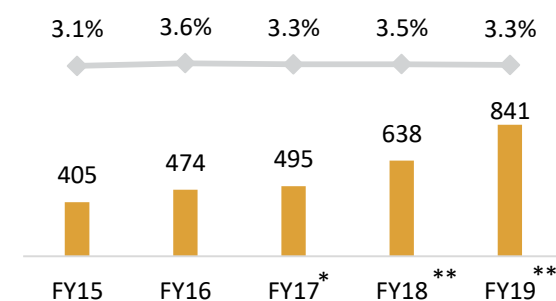
Total Income



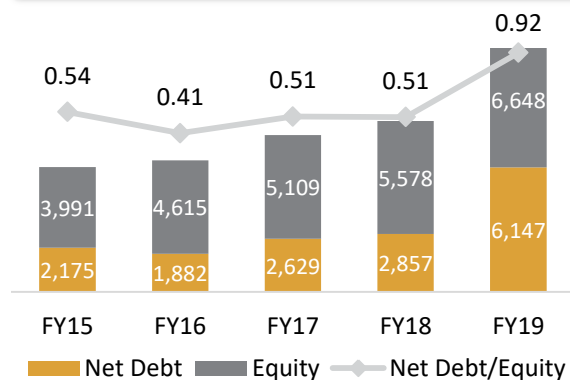
EBITDA & EBITDA Margin



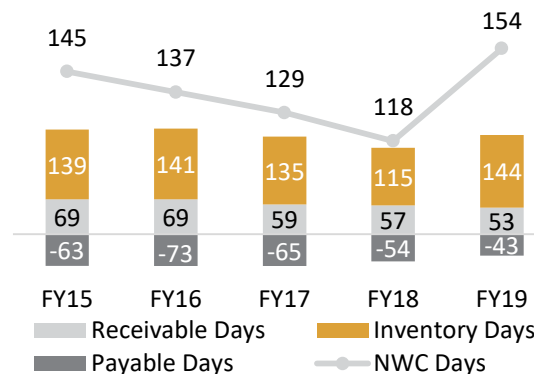
PAT & PAT Margin



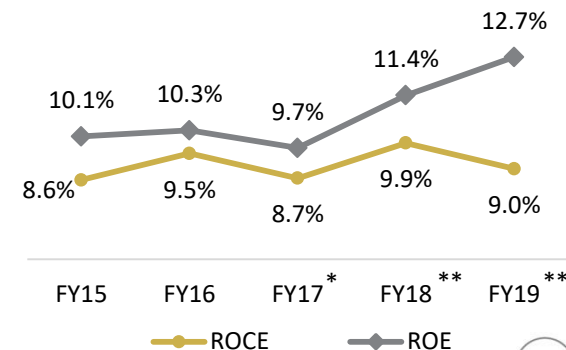
Leverage Analysis



Working Capital Analysis



Return Ratios



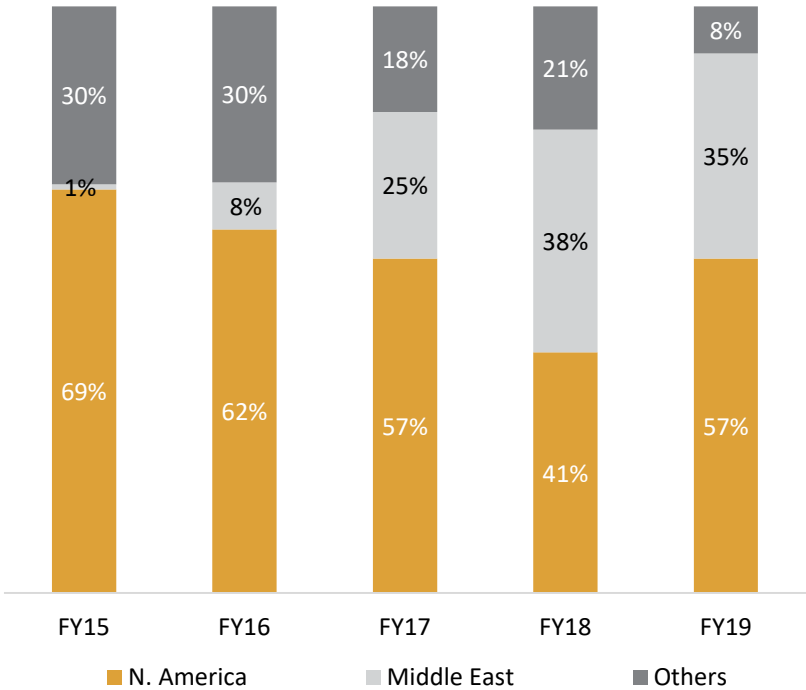
Working capital calculated with Total Income as denominator in all ratios
 ROCE = EBIT / Cap. Employed (Equity inc. minority & Debt)

*Excluding extraordinary items

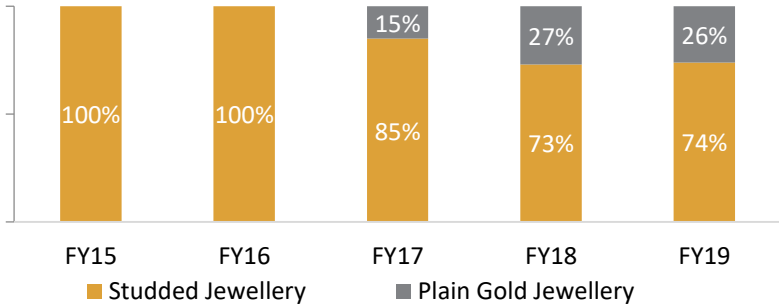
**including loss due to discontinued operations



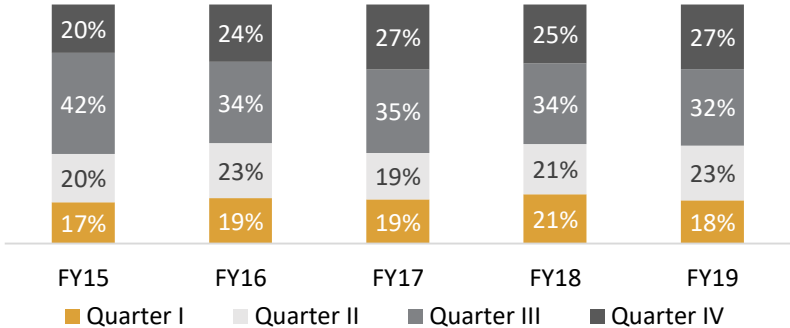
Geographical Mix



Studded Jewellery vs. Plain Gold Jewellery



Seasonality



Awards



2001
SEEPZ-SEZ Star
Award



2005
WM Int'l Supplier of
the Year



2006
GJEPC Award for
largest exporter of
studded metal
jewellery



2008
GJEPC Award for
largest exporter of
studded metal
jewellery



2009
Emerging India
Award



2011
GJEPC Award for
largest exporter of
studded metal
jewellery



2012
GJEPC Award for
largest exporter of
studded metal
jewellery



2015
GJEPC Award for
largest exporter of
studded metal
jewellery



2016 & 2017
GJEPC Award for
largest exporter of
studded metal
jewellery





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