



RENAISSANCE  
GLOBAL LIMITED



## **Q1 FY21 FINANCIAL OVERVIEW**

## Highlights for Q1 FY21



### Disciplined working capital management amidst business disruption due to Covid-19

- Net Debt as of June 2020 was ₹ 3,404 mn. v/s Jun 2019 Net Debt of ₹ 4,050 mn; reduction of ₹ 646 mn.
- Strong liquidity position with cash and bank balances and short term investments of ₹ 1,915 mn
- Trade Payables as of June 2020 at ₹ 1,422 mn. v/s June 2019 Trade Payables of ₹ 2,889 mn.
- Y-o-Y consolidated reduction of Liabilities between Net Debt and Payables is ₹ 2,113 mn.
- Inventory as of June 2020 was ₹ 8,421 mn. v/s June 2019 inventory of ₹ 9,938 mn; inventory reduced by ₹ 1,517 mn

### Lower Sales due to Covid-19 impacting our profitability margins

- Q1 FY 21 PAT of - ₹ 178 mn vs Q1 FY20 PAT of ₹ 170 mn
- Q1 FY21 operating costs down 50% to ₹ 360 mn vs Q1 FY20 operating costs of ₹ 724 mn
- Amidst the Covid-19 crisis, the Direct-to-consumer business has shown promising growth of 213 % during the quarter



### Strengthening the Balance Sheet

**Net Debt which was rising post the acquisition of Jay Gems has been brought under control due to a focused approach on working capital reduction**

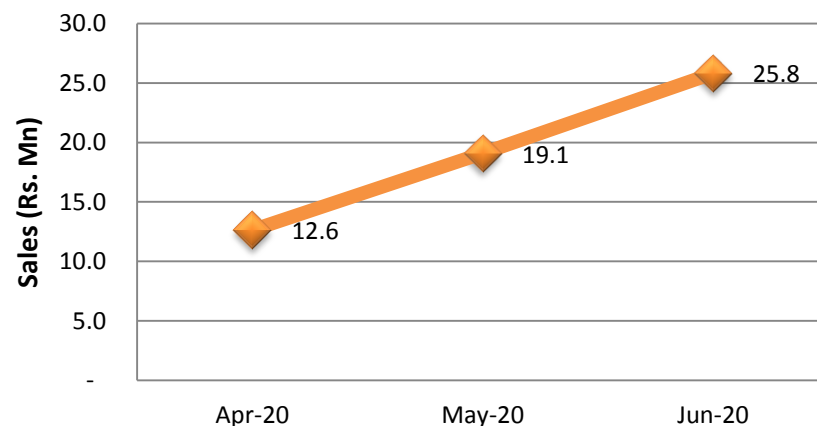
- Net Debt to Equity ratio as of June 2020 was 0.46 v/s Jun 2019 Net Debt to Equity ratio of 0.60.
- TTM Return on Equity at 8.1% vs Return on Equity for FY20 at 13.5%
- Our long term goal is to be at Net Debt to Equity ratio below 0.5 and Return on equity greater than 15%

# Growing Direct to Consumer (D2C) Business



- Our direct to consumer business through our website has shown robust growth during the year  
(<https://www.enchantedfinejewelry.com/>)
- Recently, we also launched a website catering to the Lab Grown Diamonds jewellery space  
(<https://diamondsmadeforyou.com/>)
- During the year, we plan to launch websites for Star Wars, Jewelili, Disney Jewels and Hallmark Diamonds to further our D2C play
- The online D2C business is a high gross margin business with gross margins of 55% to 60%
- We expect to grow the share of our D2C business through all the websites we have launched and plan to launch in the near future

## Direct to Consumer Sales Q1 FY21





- We believe the first two quarters of FY21 will be extremely soft due to loss of retail sales because of store closures, lower discretionary spends and overhang of inventory. We expect things to slowly pick up in the third quarter of FY21 and to normalise by the fourth quarter of FY21
- We do see green shoots after the opening of the stores in the US with select retailers. However, it is very early to predict FY21 performance in the current pandemic situation.
- In Q1 FY21, the revenues were down by 69%. In Q2 FY21, the studded jewellery business is trending at a 40% decline while the gold jewellery business is trending at a 70% decline.
- Launch of Enchanted Disney Fine Jewelry in China, through the deal with Lao Feng Xiang, second largest retailer in China, is delayed. We hope to launch in China in the last quarter of FY21.
- We plan to open 2 new IRASVA stores in Mumbai during the current financial year. The launch is delayed due to Covid-19 pandemic

## Impact of Covid-19 on Q1 FY21 Sales and Expenses



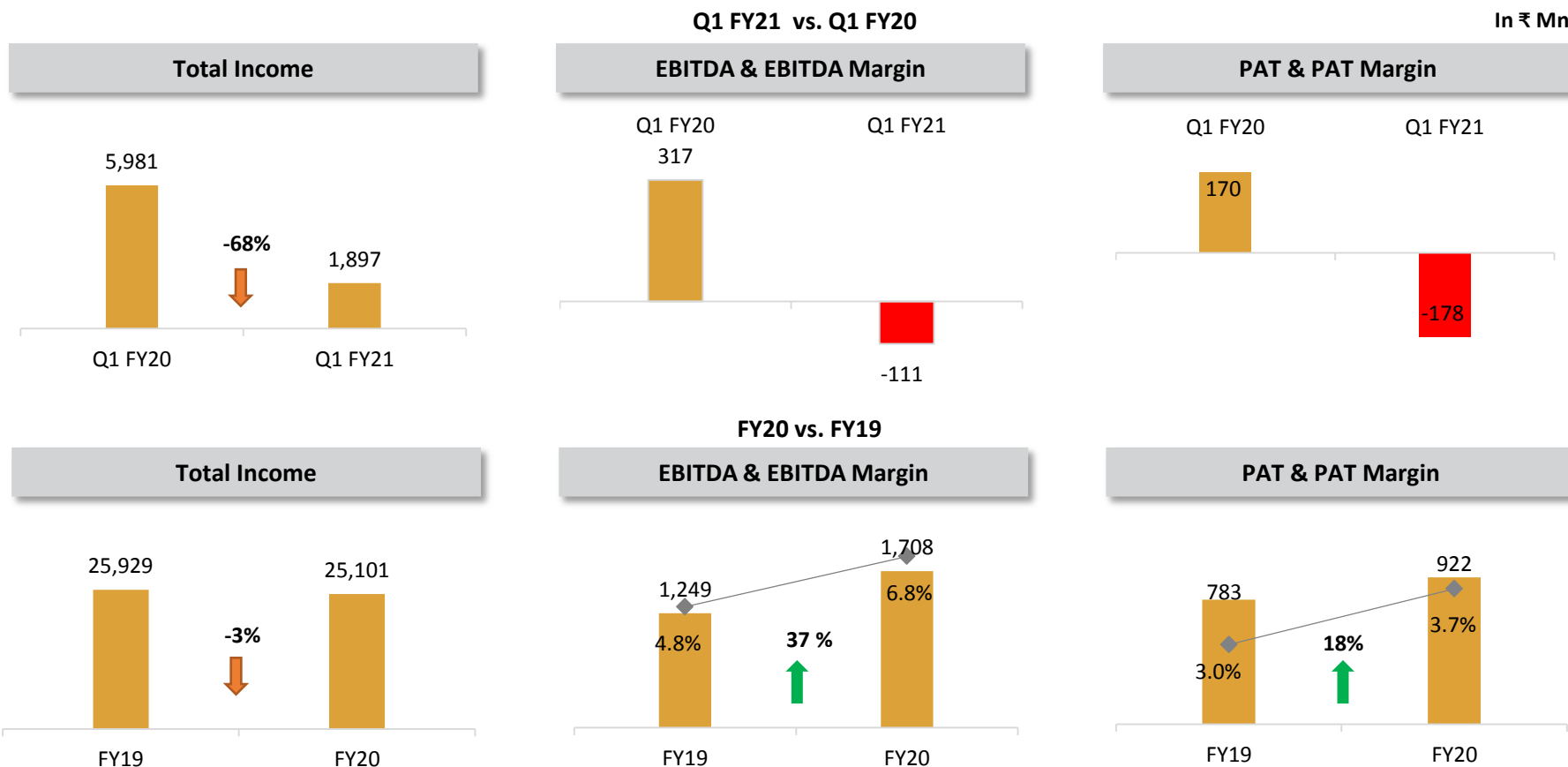
Particulars (In ₹ Mn)	Q1 FY21	Q1 FY20	YoY %
<b>Revenue From Operations</b>	<b>1,855.6</b>	<b>5,978.4</b>	<b>-69%</b>
<b>Total Income</b>	<b>1,896.7</b>	<b>5,981.9</b>	<b>-68%</b>
<b>Expenses</b>	<b>2,144.2</b>	<b>5,799.1</b>	<b>-63%</b>
Cost of Goods Sold	1,648.3	4,940.4	-67%
Employee Benefits	135.4	234.4	-42%
Finance Costs	61.4	79.7	-23%
Depreciation and Amortisation	74.7	54.8	36%
Other Expenses	224.4	489.8	-54%
<b>Profit before Tax</b>	<b>-247.5</b>	<b>182.8</b>	
<b>Profit after Tax</b>	<b>-177.6</b>	<b>170.0</b>	

## Long Runway for growth over 5 years



- Verigold China has signed a contract to launch Enchanted Disney Fine Jewelry with Lao Feng Xiang(LFX), the second largest retailer in China with 3700 stores. LFX is a leading retail jewellery brand in China, with 166 years of continuous operations and annual revenue of more than USD 6.5 billion
- ‘Enchanted Disney Fine Jewelry’ and ‘Hallmark Tokens’ are being launched with another major retailer in the United States.
- Hallmark Moments has been rolled out to over 2000 stores now and will contribute meaningfully to revenues going forward.
- Disney Treasures, a collection of iconic Disney characters, has been successfully rolled out to 1,000 stores in North America.
- Expect to launch Star Wars Fine Jewelry in FY21.
- Expansion of high margin direct-to-consumer play through our already launched websites for Enchanted Disney Fine Jewelry and Made For You. Further, we also plan to launch websites for Star Wars, Hallmark Diamonds, Disney Jewels and Jewelili in the near future
- The Company launched brand “IRASVA” in the Indian market through a joint venture with Bennett, Coleman and Company Limited. We plan to open 2 new stores in Mumbai in FY21. The launch is delayed due to Covid-19 pandemic.

# Q1 FY21 : Key Highlights

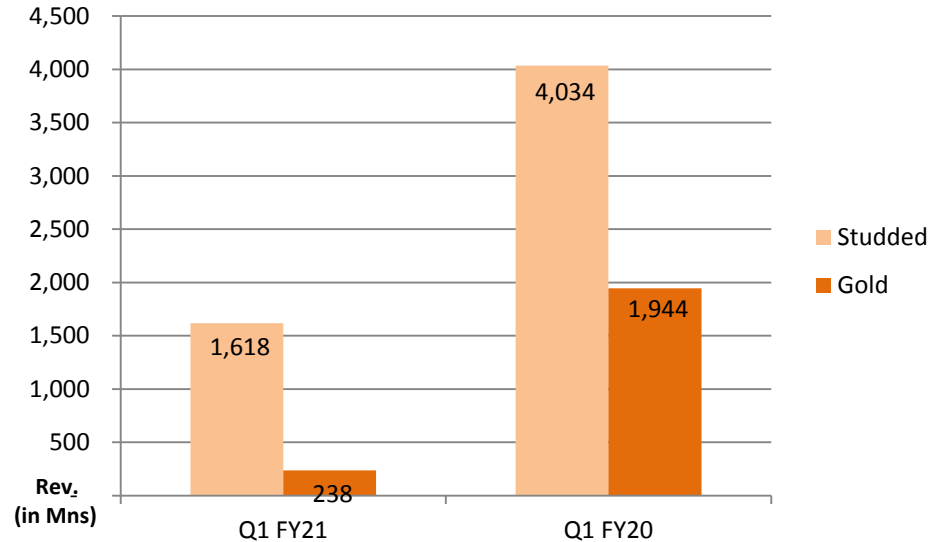




# Slowdown in both the Studded and Gold Jewellery business due to Covid-19



In ₹ Mn						
	Q1 FY21	Q1 FY20	YoY %	FY20	FY19	YoY%
Studded	1,618	4,034	-60%	18,544	19,108	-3%
Gold	238	1,944	-88%	6,474	6,798	-5%
<b>Total Revenue</b>	<b>1,856</b>	<b>5,978</b>	<b>-69%</b>	<b>25,018</b>	<b>25,906</b>	<b>-3%</b>



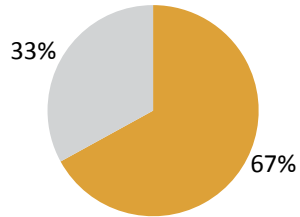
# Q1 FY21 : Segment Analysis



## Q1 FY21 vs. Q1 FY20

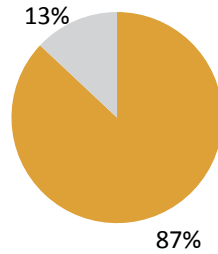
### Studded & Plain Gold Jewellery

#### Q1 FY20



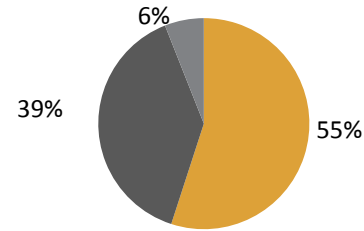
■ Studded Jewellery ■ Plain Gold Jewellery

#### Q1 FY21



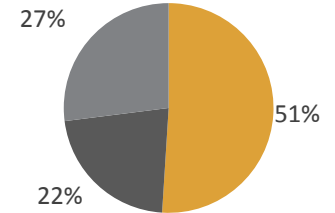
### Geographical Mix

#### Q1 FY20



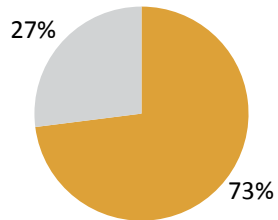
■ N. America ■ Middle East ■ Others

#### Q1 FY21



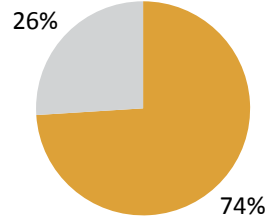
## FY20 vs. FY19

#### FY19

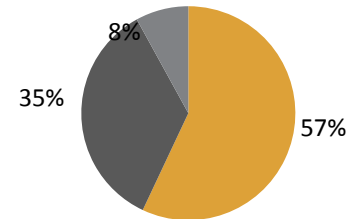


■ Studded Jewellery ■ Plain Gold Jewellery

#### FY20

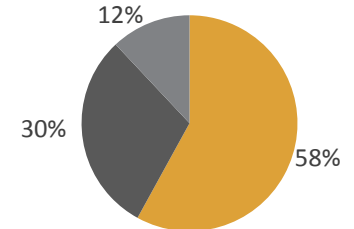


#### FY19



■ N. America ■ Middle East ■ Others

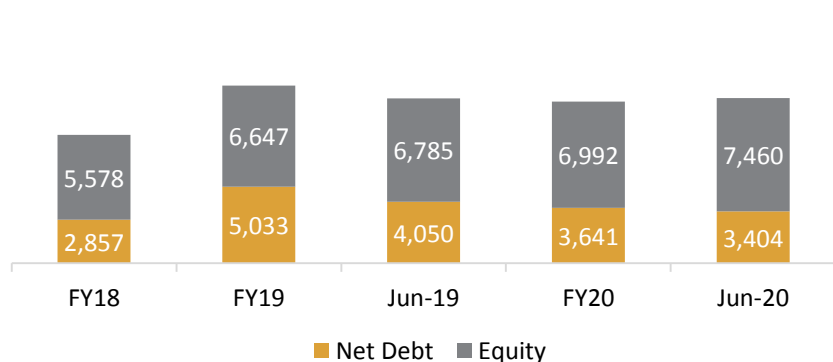
#### FY20



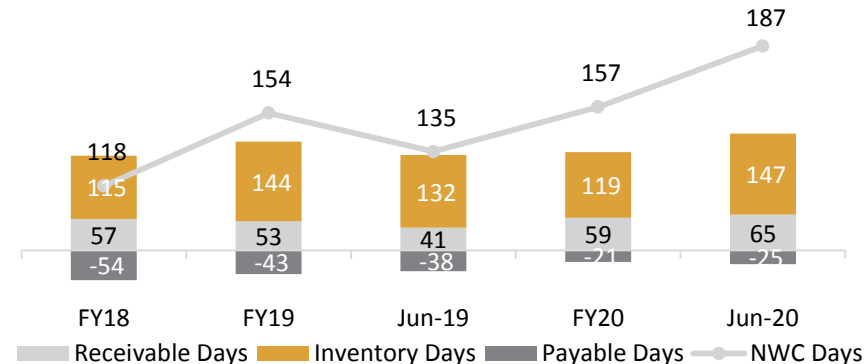
# Improving Debt-Equity Ratio due to better inventory management



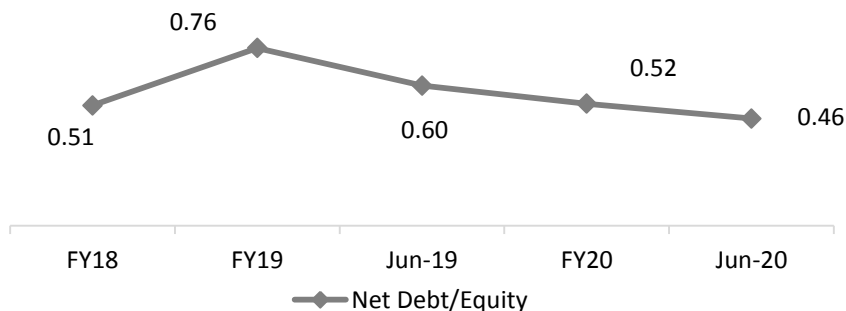
## Leverage (₹ Mn)



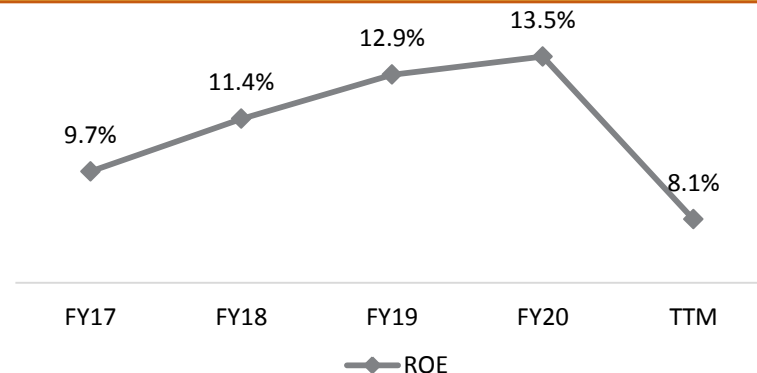
## Working Capital Analysis



## Net Debt/Equity Ratio



## Return on Equity



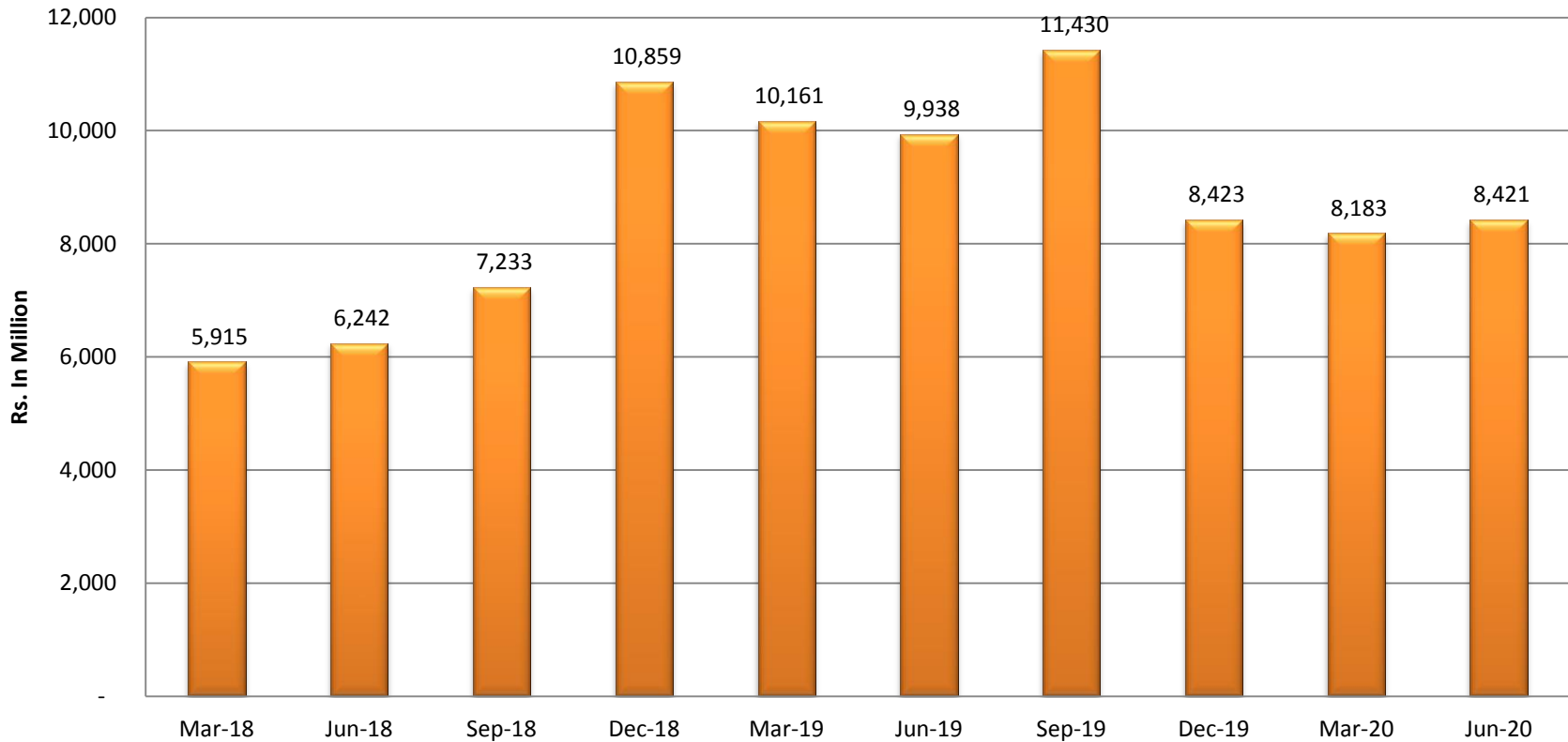
Net Debt = Borrowings – Current Investments – Cash and Bank Balances (Payable to erstwhile owners of Jay Gems is reclassified under other financial liabilities)

Equity = Share capital + Reserves & Surplus

# Managing Inventory – Important Part of Working Capital Management



## Inventory Trend



# Consolidated Profit & Loss Statement



Particulars (In ₹ Mn)	Q1 FY21	Q1 FY20	YoY %	FY20	FY19	YoY %
<b>Revenue From Operations</b>	<b>1,855.6</b>	<b>5,978.4</b>	<b>-69.0%</b>	<b>25,018.5</b>	<b>25,906.3</b>	<b>-3.4%</b>
Other Income	41.1	3.5		83.1	22.7	
<b>Total Income</b>	<b>1,896.7</b>	<b>5,981.9</b>	<b>-68.3%</b>	<b>25,101.6</b>	<b>25,929.0</b>	<b>-3.2%</b>
COGS	1,648.3	4,940.4	-66.6%	20,204.8	21,441.6	-5.7%
<b>Gross Profit</b>	<b>248.4</b>	<b>1,041.6</b>	<b>-76.2%</b>	<b>4,896.8</b>	<b>4,487.4</b>	<b>9.1%</b>
<b>Gross Margin %</b>	<b>13.1%</b>	<b>17.4%</b>		<b>19.5%</b>	<b>17.3%</b>	
Employee Expenses	135.4	234.4	-42.2%	955.6	922.8	3.6%
Other Expenses	224.4	489.8	-54.2%	2,233.0	2,315.5	-3.6%
<b>EBITDA</b>	<b>-111.4</b>	<b>317.3</b>		<b>1,708.2</b>	<b>1,249.1</b>	<b>36.7%</b>
<b>EBITDA Margin %</b>	<b>-5.9%</b>	<b>5.3%</b>		<b>6.8%</b>	<b>4.8%</b>	
Depreciation	74.7	54.8	36.3%	310.5	181.0	71.6%
Finance Cost	61.4	79.7	-22.9%	297.5	249.6	19.2%
<b>PBT</b>	<b>-247.5</b>	<b>182.8</b>		<b>1,100.1</b>	<b>818.5</b>	<b>34.3%</b>
Tax Expense	-69.9	12.8		177.8	35.7	
<b>PAT before discontinued operations</b>	<b>-177.6</b>	<b>170.0</b>		<b>922.3</b>	<b>782.9</b>	<b>17.8%</b>
Profit/(Loss) on discontinued Operations	-2.5	-3.1		-44.8	-11.2	
<b>PAT after discontinued operations</b>	<b>-180.0</b>	<b>166.9</b>		<b>877.5</b>	<b>771.7</b>	
<b>PAT Margin %</b>	<b>-9.4%</b>	<b>2.8%</b>		<b>3.7%</b>	<b>3.0%</b>	

# Consolidated Balance Sheet



Particulars (In ₹ Mn)	Jun-20	Jun-19
<b>Shareholder's Funds</b>	<b>7,460.4</b>	<b>6,785.0</b>
Equity Share Capital	186.8	186.8
Reserves & Surplus	7,273.6	6,598.1
<b>Minority Interest</b>	<b>-3.6</b>	<b>3.2</b>
<b>Non-Current Liabilities</b>		
Borrowings	0.0	8.8
Other Financial Liabilities	1,116.7	937.3
Long Term Provisions	31.2	20.2
Other Non-Current Liabilities	0.0	0.0
<b>Current Liabilities</b>		
Income Tax Liabilities (net)	9.8	58.7
Short Term Borrowings	5,319.1	4,794.6
Trade Payables	1,421.7	2,889.5
Other Financial Liabilities	330.2	310.3
Other Current Liabilities	240.0	36.1
Short Term Provisions	16.2	19.4
<b>Total Equity &amp; Liabilities</b>	<b>15,941.7</b>	<b>15,862.9</b>

Particulars (In ₹ Mn)	Jun-20	Jun-19
<b>Non-Current Assets</b>		
Fixed Assets – Tangible & Intangible	736.9	553.5
CWIP & Intangibles under development	180.9	262.8
Other Non Current Assets	170.2	208.2
Deferred Tax Assets (Net)	474.1	329.1
<b>Current Assets</b>		
Current Investments	922.7	154.6
Inventories	8,421.3	9,938.7
Trade Receivables	3,694.5	3,101.6
Cash & Bank Balances	992.2	598.0
Short Term Loans & Advances	16.7	5.5
Other Current Assets	296.0	638.3
Asset Classified for Sale	36.2	72.7
<b>Total Assets</b>	<b>15,941.7</b>	<b>15,862.9</b>



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**THANK YOU**

For any investor queries, reach out to



**Renaissance Global Limited**

Abhijit S. Karandikar

Manager – Investor Relations

Email: [investors@renaissanceglobal.com](mailto:investors@renaissanceglobal.com)



**Renaissance Global Limited**

G. M. Walavalkar

Compliance Officer

Investor Grievance Redressal Cell

Email: [investors@renaissanceglobal.com](mailto:investors@renaissanceglobal.com)

**DICKENSON**

**DICKENSON SEAGULL IR**

Aakash Mehta

Email: [Aakash.Mehta@dickensonworld.com](mailto:Aakash.Mehta@dickensonworld.com)

Mob: 098706 79263

Vikash Verma

Email: [vikash.verma@dickensonworld.com](mailto:vikash.verma@dickensonworld.com)

Mob: 09664009029