



# RENAISSANCE GLOBAL LIMITED

(FORMERLY RENAISSANCE JEWELLERY LIMITED)

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**Ref. No.: RGL/S&L/2020/88**

**August 21, 2020**

<b>Bombay Stock Exchange Limited</b> Listing Department Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai – 400 001	<b>National Stock Exchange of India Ltd.</b> Exchange Plaza, Plot no. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051
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**Sub.: Transcripts of the Earnings Call**

**Ref.: Regulation 30 of SEBI (LODR), Regulations, 2015.**

Dear Sir

With reference to our letter Ref. No.: RGL/S&L/2020/85 dated August 12, 2020; please find enclosed herewith the transcripts of earnings call on Q1 FY 2021 results of the Company, held on Monday, August 17, 2020.

The aforesaid information is also being uploaded on the website of the Company at [www.renaissanceglobal.com](http://www.renaissanceglobal.com)

You are requested to take the above on record and disseminate to all concerned.

Thanking you,

Yours faithfully,

For **Renaissance Global Limited**

**G. M. Walavalkar**  
**VP – Legal & Company Secretary**

**Encl.: As Above**



**Renaissance Global Limited**

(Formerly Renaissance Jewellery Limited)

# “Renaissance Global Limited Q1 FY 2021 Earnings Conference Call”

**August 17, 2020**



**Renaissance Global Limited**

(Formerly Renaissance Jewellery Limited)

**DICKENSON**



**MANAGEMENT:**      **MR. SUMIT SHAH -- VICE CHAIRMAN, RENAISSANCE GLOBAL LIMITED**  
**MR. HITESH SHAH -- MANAGING DIRECTOR, RENAISSANCE GLOBAL LIMITED**

**MODERATORS:**      **MR. AAKASH MEHTA -- DICKENSON WORLD PRIVATE LIMITED**



**Moderator:** Ladies and gentlemen, good day, and welcome to the Renaissance Global Limited Q1 FY 2021 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aakash Mehta. Thank you and over to you, sir.

**Aakash Mehta:** Good evening. I welcome you all to the Q1 FY21 earnings call of Renaissance Global Limited. We have with us, Mr. Sumit Shah -- Vice Chairman; Mr. Hitesh Shah -- Managing Director.

The discussion today may include some forward-looking statements and must be reviewed or considered in conjunction with the risks in the industry, in general and our business in particular.

Now, I handover the call to Mr. Sumit Shah. Over to you, sir.

**Sumit Shah:** Good evening, everyone. On behalf of Renaissance Global, I extend a warm welcome to everyone on the FY21 Q1 earnings conference call. I hope that everyone is staying safe and healthy. For the benefit of audiences who are joining us for the first time, I would like to give a quick overview of the company, followed by a review of the financial performance during the quarter.

Renaissance Global is a highly differentiated luxury lifestyle products company and the largest exporter of branded jewelry to many global retailers around the world. Our strategy over the last few years has been to grow our business through licensed brands and our brands globally. The company is focused on branded jewellery through its licensing arrangement with Disney and Hallmark. The company owns a license for Enchanted Disney Fine jewellery. Enchanted Disney Fine jewellery uses the intellectual property of Disney Princess, which is a (+3 billion) global brand. Our other leading brand Hallmark is a leading consumer brand with global reach in more than 100 countries.

Going forward, our strategy is to grow our diamond jewellery sales in existing markets, which are the U.S., U.K., and Canada and to capture market share for Hallmark, Enchanted Disney Fine Jewelry and Disney Treasures, which is collection of iconic Disney characters, which is newer brand that has been rolled for thousand stores in North America. Hallmark moments has also been rolled out to over 2000 stores and both these brands will contribute meaningfully to revenues in FY21.

We also plan to expand into new geographies mainly China and Middle East. We have set-up a new subsidiary in China to focus on the Disney franchise. We have signed an agreement with Lao Feng Xiang, the second largest retailer in China to distribute Enchanted Disney Fine jewellery across Mainland China. We plan to launch in China once the COVID-19 situation settles down.



During FY21, our direct-to-consumer business has shown promising growth of 213%. We launch enchantedfinejewelry.com and a new website diamondsdeforyou.com, which is a lab grown diamonds brand during the last four months.

During the year, we also plan to launch Star Wars, Disney Jewels Jewlili and Hallmark diamonds to further our direct-to-consumer play. The online direct-to-consumer business is a high gross margin business with gross margins between 55% and 60%; and we expect to grow our share of direct-to-consumer business through the websites that we have launched and plan to launch in the near future.

We believe that the first half of FY21 will be extremely soft and challenging due to the closure of retail stores, in our primary markets and lower discretionary spends and an overhang of inventory. We expect things to normalize in the third quarter of FY21 and fourth quarter of FY21.

The launch of Enchanted Disney Fine jewellery in China has been delayed due to the current situation. We hope to launch the China business in the second half of FY21 and our expansion plans for Irasva for stores have also been delayed due to pandemic. We plan to open two new Irasva stores during the current financial year.

With that, I will turn over the call to Mr. Hitesh Shah for a discussion of the financial performance.

**Hitesh Shah:**

Thank you, Sumit. The company during the first quarter of FY21 reported a total income of Rs. 189 crores, against Rs. 598 crores during the last financial year, this is a de-growth of 68% year-over-year. The de-growth was on account of the lockdown imposed worldwide due to the COVID-19 pandemic.

In the current quarter, the studded jewellery business is trending at a 40% decline, while the gold jewellery business is still trending at a 70% decline. Our first quarter EBITDA loss is Rs. 11 crores, against an EBITDA profit of Rs. 32 crores in Q1 FY20.

Our profit after tax stands at negative Rs. 18 crores, the company has managed to lower its net debt to equity levels from 0.60 in June 2019 to 0.46 in June 2020. Our long-term goal is also to maintain the net debt to equity ratio below 0.5.

Due to disciplined working capital management, consolidated year-over-year net debt has reduced by over Rs. 65 crores, wherever inventory levels are down over Rs. 151 crores as compared to June 2019.

We maintain a strong liquidity position with cash and bank balances and short-term investments of Rs. 192 crores as of June 2020.



In terms of geographic distribution, U. S. contributed around 51% to our overall revenues during the quarter and 22% of the revenues were from the Middle East. For the full year, last year, FY20, the break-up was U. S. 58% and Middle East 30%.

In terms of the product category, studded jewellery contributed to 87% of the sales in the current quarter, whereas the balance came from plain gold jewellery segment.

Thank you very much for your kind attention. Now, the floor is open for Q&A.

**Moderator:** Thank you very much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Siddharth Oberoi from Prudent Equity. Please go ahead.

**Siddharth Oberoi:** After this pandemic, so you had all these predictions before that. Does all that stands, or have they been, derailed or you have changed course now?

**Sumit Shah:** So, we believe that the pandemic in general has probably delayed our plans slightly. We feel that, the strategy that we had in place prior to COVID is still valid. However, what the pandemic has taught us is the importance of focusing on digital sales and the direct-to-consumer play within the company. So, our plans prior to the pandemic do stand valid, probably would get delayed by a year or so with an increased focus on our direct-to-consumer business going forward.

**Siddharth Oberoi:** So, but this online website that you have launched, you said the response is very good. How scalable is this?

**Sumit Shah:** This is something will have to obviously evolve. We have built digital capabilities as a company, we have invested in an in-house team to focus on the direct-to-consumer business. And I think, what is unique about our company is because we have licenses for brands that are uniquely recognizable in western markets where we serve. We feel that the growth of these brands can be quite attractive. What number this stabilizes as a percentage of our overall revenue is something that will evolve over the next couple of years. The initial response obviously is encouraging, although very small, and not a meaningful percentage of our overall revenue. But we are quite hopeful that by focusing on this segment, it can definitely help boost overall profitability of the company.

**Siddharth Oberoi:** All right. What is the position of the U. S. regarding the store opening, are you seeing some traction in sales there? Or is it as weak as Q1?

**Sumit Shah:** So, once the stores have opened, were quite encouraged with the sales results, that we are seeing green shoots in certain retail partners who are doing well. I think that there was some element of pent-up demand due to stores being shot for a few months.

Overall, we would say that the results are although early are quite encouraging. And I think it is setting up us up for a reasonably good Q4 of the calendar year. I think that it is a little early to

tell because the current months of summer are not really major months for jewellery buying. But once the stores have opened, the results are pretty encouraging.

**Siddharth Oberoi:** All right. And is there any inventory loss that you would be taking this year, because of this pandemic?

**Sumit Shah:** No, there is not nothing in particular, nothing out of the ordinary course of business. I think that there were some inventory write-offs that we took prior to all of this after the acquisition of Jay Gem. But since then, I think it is a normal course of business and as you can see, our inventory has declined considerably to a much more manageable number. We do not expect to take any losses outside of the normal course of business because of the pandemic.

**Siddharth Oberoi:** All right. And what is the growth debt right now, you said, it just come down?

**Hitesh Shah:** So gross debt is Rs. 540 crores and we have cash and short-term investments of Rs. 200 crores. So, net debt is Rs. 340 crores.

**Siddharth Oberoi:** Yes. So gross is Rs. 540, which just got reduced you are saying?.

**Hitesh Shah:** So, like we have almost Rs. 100 crores of cash and cash equivalents. So, I mean, the net debt, it is reduced to 65 crores.

**Moderator:** Thank you. The next question is from the line of Mihir Desai from Desai Investments. Please go ahead.

**Mihir Desai:** Sir, just my first question was that the outlook, which you had given on debt-to-equity, the long-term outlook of debt-to-equity, I think 0.5; and your ROE also improving to I think 18%. So, sir, just wanted your roadmap or something, the strategy which you had decided to achieve these targets, sir?

**Sumit Shah:** Sure. So, I think, the current net debt to equity is already below the number that we had targeted. So, we are currently at these levels already. I think that clearly get getting the ROE number will get pushed back by a year because of the current year, profitability is going to be challenged. But we still maintain our long-term goal of hitting the return on equity number and the net debt number, as I mentioned. We are already at the target and we plan to continue to stay the course and lower it even further.

**Mihir Desai:** Okay. So, I asked this question just to know that because of the pandemic, which we are seeing, do you feel that the debt requirement will increase for us like the working capital requirement or something of that sort?

**Sumit Shah:** That is not what we are seeing currently. I think that due to the pandemic, what we have internally reviewed and gone through we feel that, we want to continue the path of better working capital management. For a company like us, the debt is primarily working capital and we continue to drive efficiencies through the working capital to try and squeeze the working capital



a little bit. So, we do not see any need for any change in long-term debt or greater requirement of debt long- term.

**Mihir Desai:** Sir, and just wanted to get your sense on demand, sir like in percentage terms if you would gauge the demand which was, pre-COVID and which you are currently experiencing, sir?

**Sumit Shah:** Mr. Hitesh mentioned in his opening remarks, currently we are seeing our sales at 40% or levels below one year ago and that is for the diamond jewellery segment. And for the gold jewellery segment, which is primarily in the Middle East, it is 70% below last year's levels, because I think a lot of the Middle East business is dependent on tourism, which I think will take a while to recover. So, we expect the diamond jewellery sales to recover before the gold jewellery sales. And at retail, however, we are seeing slightly better trends in that, I think, the customers are being cautious about placing orders for inventory. So, our sales to retailers are 40% below but we are seeing better level of sales for the retailer of our goods, which they are holding.

**Mihir Desai:** Sir my next question would be on the Star wars, which you had mentioned, I think, the new design, which we are going into, sir. So, sir, can you throw some light on this like why only this where we want to expand, or you know we did for the Disney Frozen. So, what is your thought process behind this and if you can throw something in numbers regarding the thought process behind this, sir?

**Sumit Shah:** We have had a relationship with Disney through the acquisition of Jay Gems, which we took in August 2018, the initial license was for the Disney Princesses, which has grown into a meaningful business for our company, because of the success of the Disney Princesses, Disney has given us a licensing rights for the iconic Disney characters, which is sold under the brand Disney Treasures at a major retailer in the U. S.

So, all of these iconic characters now through a direct-to-consumer play will be launched through a website called Disney Jewels. And in addition to that, since they also own the Star Wars franchise there is also [starwarsfinejewellery.com](http://starwarsfinejewellery.com), which we plan to launch in the next quarter.

We are trying to leverage our relationship with Disney by launching three brands, Enchanted Disney Fine jewellery, which is existing Disney Treasures, and Disney Jewels, which would be the iconic Disney characters and then the Star Wars franchise. And in order of importance, enchanted will always remain the largest brand. Disney Treasures and Jewels will be the second largest brand in our expectation and Star Wars is a niche area and would probably be the smaller brand among the Disney franchise. This is in addition, obviously, to the Hallmark license that we have, which is completely separate.

**Mihir Desai:** We are seeing increase in gold prices. So due to this increase in gold price, do you think that the demand for gold jewellery will shy away like people who shy away from buying this the gold jewellery?

**Sumit Shah:** Yes. The experience we have seen in the past is that when there is volatility, there is a short fall in demand. I think that when prices do stabilize, we see demand returning to normalcy. I think volatility is definitely a deterrent for people to buy.

However, on the diamond jewellery side, while it does make it more difficult to price product because things do become more expensive. There is less of an impact because gold is maybe 20% to 30% of the value of the product in the diamond jewellery space. So, while for us diamond jewellery is a major contributor to the bottom-line, we do not see too much demand impact there. Although, when there is volatility there definitely is some impact to demand. More so, on the gold jewellery side than on the diamond jewellery side.

**Moderator:** Thank you. The next question is from the line of Devendra Pandey from DB Financial Services. Please go ahead.

**Devendra Pandey:** So, my first question is on the lab grown diamonds, I saw in your presentation that you have launched a separate website for that. So how is that business shaping up and where are we manufacturing those diamonds?

**Sumit Shah:** So, we have been selling lab grown diamonds for about nine months or so. So, we launched the Made for You brand at a major retailer in the U. S. last year for the holiday season. And we were pretty encouraged by the results, after which, we decided to launch the direct-to-consumer play for Made for You lab grown diamonds. So far it is a relatively new business and on the direct-to-consumer side, a little early to estimate how well it is doing.

The manufacturing side, we do not manufacture the lab grown diamonds ourselves. I think, they are HTHP diamonds, which are grown mainly in China and cut and polished in India. And we buy the diamonds in the open market and manufacture the jewellery in India.

**Devendra Pandey:** Okay, so are we doing like a trading business for those lab grown diamonds?

**Sumit Shah:** No, we do not do trading business, because diamonds are a raw material for us. We buy loose diamonds, we manufacture the jewellery and sell the jewellery to retailers in the U. S. So, lab grown diamonds are a raw material, which are utilized in the manufacturing of jewellery.

**Devendra Pandey:** But then are they subject to the fluctuations in prices?

**Sumit Shah:** Since it is a newer technology, diamond prices have been falling for the last year or so lab grown diamond while they have been stable for the last year or so. We have not seen as much volatility in the recent past with lab grown diamond prices. Hitesh, do you want to add anything to that?

**Hitesh Shah:** No. The lab grown prices are at the lower end and there is a pretty significant labor component in the cost of the diamonds. And hence, after the initial drop from like, say a few years ago, I think things have worked out quite stable over the past 12 months. And even recently post the pandemic, we have not seen any major change in the prices.

**Devendra Pandey:** Okay. And are we selling these demands directly to the customers or just to the retailers or is it the mix of both?

**Sumit Shah:** So primarily, the sale is through retail partners. We have launched a direct-to-consumer website recently, which is not yet a meaningful part of our business. [enchantedfinejewelry.com](http://enchantedfinejewelry.com), which we launched about four months ago, has become a slightly larger part of our direct-to-consumer business. The [diamondsmadeforyou.com](http://diamondsmadeforyou.com), which we have just launched is not yet very meaningful.

**Devendra Pandey:** Okay. And do we sell the same products on the direct-to-consumer platform as well as to the retailer?

**Sumit Shah:** I think there is some overlap in the product, but we try to keep the assortment exclusive so as to protect the retailer and their margins.

**Devendra Pandey:** Okay. And sir, my last question would be on your China expansion plans. So given the current geopolitical tensions, are we going to face any new issues for the expansion over there?

**Sumit Shah:** Currently, talks have been ongoing with them, we are currently trying to conduct tests in the third quarter of the current financial year with them. The challenge that we are currently facing is really more related to the pandemic than to any geopolitical tensions.

I think it will be a slower expansion, because of the physical difficulty in getting there and meeting the retailer. So, I think any plans that we had for expansion would definitely slow down a little bit, because the pace of launching a new brand is slightly more difficult given the current environment.

We however, do not currently see any geopolitical reasons due to which we would face any slowdown or delays.

**Devendra Pandey:** And so may, I would like to ask one more question. So, do we sell Disney and Hallmark both brands on the direct-to-consumer platform?

**Sumit Shah:** Currently only Disney. The plan is to sell the Hallmark as well. The digital platform is yet sort of in the planning phase and in the current financial year, we will launch Hallmark direct-to-consumer plays well.

**Moderator:** Thank you. The next question is from the line of Keegan Fernandes from Queen Capital. Please go ahead.

**Keegan Fernandes:** I have two questions. So first is right now what is the proportion of direct-to-consumer sales when compared to the overall sales?

**Sumit Shah:** So, I think, in the Presentation, we have the total numbers of the direct-to-consumer play. Hitesh, do you have the slide handy?

- Hitesh Shah:** Yes.
- Keegan Fernandes:** If you could just guide me through the page number, that will be great.
- Sumit Shah:** It is currently single-digits. I would say, it is under 10% of sales since we only launched in the current quarter. The business has grown well, I think, we did in June around Rs. 2.5 crores of sales on the direct-to-consumer side,
- Hitesh Shah:** Roughly Rs. 6 crores for the quarter. So, it is roughly 3.5% for the quarter or so.
- Keegan Fernandes:** Right, so this includes online channel as well, correct?
- Sumit Shah:** This is, actually see we sell online through the retailers as well, which is off the retailers websites. This does not include those sales, this is Renaissance Global selling directly to the consumer. This does not include any sales that would be made through macys.com or walmart.com or any other platforms. This is Renaissance Global's direct relationship with the final consumer in the U. S.
- Keegan Fernandes:** Okay, that is great. So, I have another question as to how we are looking at the U. S. market segment going ahead. I believe compared to India, of course, a lot of retail activity has resumed there even stores are opening. So, compared to pre-COVID levels of say January February, where are we standing there?
- Sumit Shah:** Yes, so I think as we mentioned in the prepared remarks, the U. S. and other markets where we sell diamond jewellery, we are currently seeing our sales at about 60% of what we did one year ago.
- However, retailers are doing slightly better than that. I think their sales are probably 20% below one year ago levels. However, because they have higher inventory since they were shut for a couple of months, they are being cautious about buying from us. If the current trend of sales continues, we expect sales to pick up a little bit.
- However, our Middle East business as I mentioned, which is relying primarily on tourism has been hit a lot more and that business is trending at 70% below one year levels. As a contributor to our bottom-line, the gold business is far less important, because it is a far lower EBITDA margin business.
- The diamond jewellery business is more meaningful. We are currently seeing sales at about 40% below last year's levels and retailers are doing slightly better than that.
- Keegan Fernandes:** Okay. So, one more last question from my side. I just taking this from the previous question on this call, we are setting up for more sales in China and going ahead will we look at expanding further in China and sort of put expansion plans in U. S. on hold, because considering the macro situation, I believe China may do much better than U. S. as an overall market over the next few years. And the Disney merchandise deals, which you have, those are very mature in the U. S.



already, whereas they will still be a novelty and first time experience in China. So, is there a possibility will we prioritize that over the U. S. market? And if we do so, do we make better margins there? Or how will that play out?

**Sumit Shah:**

It is a little early to make that decision. I think it will all be data dependent and dependent on how the sales volumes are? How the uptake is? I mean, we have been in the U. S. market now for over 20 years and our teams have a deep understanding of what the U. S. Canadian and the UK consumer requires. Building that level of understanding for China will definitely take some time.

So, I would say, it is a little bit premature to change focus completely, I would say that it will be a gradual approach and a very data dependent approach based on how the business progresses? How our relationship evolves with the retail partner as well as the direct-to-consumer sales that we undertake.

So, I would say that, a year from now, we will be in a much better position to make a decision on how the business is and how the growth will be for the China market?

**Keegan Fernandes:**

Sure, sir. I believe you are in a great and sort of enviable position now, because while major companies are trying to move away from China, the Chinese market is a consumer for you, rather than a supplier. So maybe that can work to our advantage.

**Moderator:**

Thank you. The next question is from the line of Mihir Desai from Desai Investments. Please go ahead.

**Mihir Desai:**

Sir just a follow-up questions on what I had asked earlier, sir. Sir, just wanted to ask on expansion of Irasva, like I just wanted to know that have you are looking at it, the regions where you want to expand? And how many stores are you looking at expanding, sir?

**Sumit Shah:**

So, Mihir, I think, currently, clearly the Indian retail business has definitely been hit a lot harder than the U. S. because the lockdown has been pretty severe in India. And so, it was really at a nascent stage when we were looking at expanding it. So, prior to the lockdown, we had signed up a couple of locations that were actually expected to come live. We still have plans to open two more stores in the current financial year. We will have to see how demand evolves. We have started the store that we had in Mumbai and we are seeing sales at 30% to 40% of what they were pre pandemic. So I think, it will be a wait and watch strategy for Irasva to see how consumer demand revise in India and they take a measured approach to expansion.

I think, the recovery at least from our perspective, probably because we are more established in the U. S. market has been a lot quicker. I think with Irasva. I think, maybe over the next couple of quarters, we will have more clarity on demand environment, because we are primarily in diamond jewellery. And we have seen a softness in demand since we have opened up. So, we will have to wait and watch and see how the business recovers.



**Mihir Desai:** Correct, understood, sir. Sir and going forward like if the rental yields also, due to pandemic, there is our anticipation that rental yield should come down. So even this can benefit us for our new expansion of stores, sir?

**Sumit Shah:** Currently the stores that we had signed up, we are negotiating with the malls for lower rental yields those deals have not been finalized yet. But one could see some reduction in absolute amount, but I think it is all relative to sales, the sales are also at 50% to 60% of pre-pandemic levels then I think as a percentage of sales, you do not benefit much.

It is a little early to judge demand in India, because India has not really seen opening of stores yet as much as we have seen in the U. S. So, a little bit early to make a decision on the Indian side of the business.

**Mihir Desai:** We have seen the unemployment rate rising at U. S. So, definitely this will somewhere or the other affect the demand for us also. So, at your end like what is your view and how are you prepared to mitigate these kind of challenges, which we face, sir?

**Sumit Shah:** We have taken significant costs out of the system, we have reduced our workforce significantly during the pandemic, the management and senior employees have taken some pay cuts as well. So, we are preparing by controlling our costs and trying to become a little bit leaner as an organization to prepare for lower demand structure. And then one will have to see whether demand stabilizes.

So far, I think because of the Government stimulus checks that have been given out plus the \$600 a week of federal unemployment benefits that ran through July. The overall U. S. consumer has been relatively healthy with those extra stimulus checks running out in August. We have not yet seen what the impact of that will be. But as an organization, what we can do is prepare through a lower cost structure and being leaner as an organization to prepare for a lower demand environment. And no wait for demand to recover before we make further plans.

**Moderator:** Thank you. The next question is from the line of Ashish Shah from Business Match. Please go ahead.

**Ashish Shah:** Sumit, just two questions to you, both from long-term perspective, any change in consumer behavior that you have seen or noticed this pre-COVID and post-COVID in terms of as a ticket size sequence of purchase or anything else?

**Sumit Shah:** It just seems like there is there is far more inclination for the consumer to interact digitally, most of our customers have reported a significant increase in digital sales relative to overall sales. And we have seen that in our in our small way in our direct-to-consumer initiatives. So, we feel that the interaction with the customer will definitely be far more digital going forward as compared to where it was before. If executed well; **this augurs** well for our strategy to build a more robust direct-to-consumer play.



Other than that, in terms of price points, we have not seen any change in consumer behavior other than the willingness to interact digitally with retailers as well as brands.

**Ashish Shah:**

And something related to that Sumit, as we head into Q3, the big season or quarter for us, any sense of visibility that you are having right now and how is that shaping up, not necessarily number terms, but in general?

**Sumit Shah:**

So far, what we have seen is that there has been some pent-up demand because of which the last few weeks retail numbers have been very strong. But again, this remains very volatile and uncertain. One does not know how long the strength in consumer demand will last in all through, the late half of June and July, retail sales of our products that we have visibility on have been, have been relatively good. So, we are cautiously optimistic, but again, I think one has to weigh in the end of the Government stimulus in the U. S. to see what impact that has on demand.

**Ashish Shah:**

Sure. Sumit just slightly more elaboration on your digital strategy, if you could, like you had phenomenal sales in the first quarter, albeit on a very, very low base. But very encouraging that in first quarter we hit about six crores of revenue. So, over the next let us say a couple of years, you are saying that, but most important learning has been digital.

So, what is in your mind over the next two years to three years? Do you have any target in mind where you would want to see digital as a percentage of sales or what is your strategy to further increase on this space?

**Sumit Shah:**

So, I think that given the fact that we currently have our licenses with two large companies. I think our strategy would definitely to build a flywheel around all of the license brands and grow the digital side of the business. We continue to look for additional licensing opportunities. And we are close to signing up one more additional license with one more brand. So, I think that our goal would really be to build an ecosystem in the direct-to-consumer space and build relationships with consumers directly.

What the penetration of our direct-to-consumer and digital sales will be as a percentage of our total again, we are only one quarter into it. So a little bit early too early to say, but I think that over the course of this year and by next year, we definitely will have a better idea in terms of the penetration and what growth were able to see.

**Moderator:**

Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Sumit Shah for closing comment.

**Sumit Shah:**

Thank you everyone for joining us on the Q1 conference call today. We hope to see everyone on the next conference call. Thank you and stay safe.

**Moderator:**

Thank you very much, sir. Ladies and gentlemen, on behalf of Renaissance Global Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.