

## **Mr. Sumit Shah founder & Vice Chairman of Renaissance Global Ltd – Q & A Interview:**

*In an Interview with Mr. Sumit Shah is the founder & Vice Chairman of Renaissance Global Limited. A finance graduate from Bentley College – Boston, under his leadership the Renaissance brand has become a stalwart in India's gems and jewellery sector. Today Renaissance is on the cusp of a long-term growth journey through an aggressive expansion of its branded jewellery business.*



**1) What has driven the performance of the company in 1QFY22?**

Renaissance Global reported topline growth of 121% YoY registering sales of Rs 409.5 crore for 1QFY22 as against Rs 185.6 crore in 1QFY21. Highlight of this business growth was the increased contribution of the highly profitable B2B and D2C branded businesses, which are expected to be a driving force for future growth. Higher realization enabled company to report 450% EBITDA growth to Rs 136.7 crore. The Company earned a combined EBITDA margin of ~15% from Branded jewellery sales under which the B2B sales earned EBITDA margin of ~14% and D2C sales earned EBITDA margin of 18.1%. RGL reported a net profit of Rs 23.8 crore for 1QFY21 against a loss of Rs. 17.8 crore during the same period last year.

**2) What is branded jewellery contribution to total revenues?**

Company's branded jewellery business contributed 24% of the total studded jewellery revenues in 1QFY22. Branded jewellery would continue to be focus area for the company and the company has launched 3 new brands while it also holds exclusive licenses for few US based brands.

**3) Can you please elaborate company's strategy on branded jewellery business?**

The company is keen on increasing its share of revenue from the branded jewellery business due to the relatively higher margins despite similar or lower working capital requirements. The company holds exclusive licenses for Enchanted Disney Fine Jewellery, Disney Treasures Fine Jewellery, Star Wars Fine Jewellery and Hallmark. Apart from that, the company has also launched 3 owned brands - IRASVA (Diamond jewellery for Indian Market), Made for You (Lab grown diamond jewellery) and Jewelili (Diamond jewellery for the US market). RGL is pursuing new licensing opportunities to build its portfolio of licensed brands.

The company now has a special focus on growing its direct-to consumer (DTC) business and has launched websites for Enchanted Disney Fine Jewellery, Star Wars Fine Jewellery, Jewelili, Made for You and Hallmark Diamonds. DTC websites are showing strong signs of growth and are trending at an Annual Revenue Run Rate of Rs 125 crore. The Company plans to launch a website for Disney Jewels in the current financial year which will carry product utilizing iconic Disney characters IP.

**4) How you are looking expanding regionwise?**

The company is looking to expand its presence in the Chinese market through an omni-channel (online and offline) approach which is expected to be another sales driver in coming future. The Company launched the "ENCHANTED DISNEY FINE JEWELLERY" Collection in partnership with the second largest Chinese jewellery retailer Lao Feng 老凤祥 (LFX) for the Chinese market in Q1 FY22. This arrangement will enable RGL to introduce Disney licensed brands for the first time to Chinese market. LFX is oldest Chinese brand and operates over 3,000 stores worldwide having presence in Mainland China and in Hong Kong, New York City, Sydney and Vancouver.

**5) How would you define your financial strength?**

RGL is free cash flow generating company with a net debt to equity ratio of ~0.33x. The company aims to be a zero debt company in next three years. Branded products will drive revenues and EBITDA growth for the company driving profits in coming years.